

BRODERICK GROUP LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Statement of Income and Retained Earnings	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Financial Statements	14

BRODERICK GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

J M Broderick
P A Broderick
C Broderick
B A Broderick George
J Broderick Senior

SECRETARY:

M C Broderick

REGISTERED OFFICE:

1 Alpha Point
Bradnor Road
Sharston
Manchester
M22 4TE

REGISTERED NUMBER:

01459430 (England and Wales)

AUDITORS:

Clarke Nicklin LLP
Chartered Accountants and
Statutory Auditors
Clarke Nicklin House
Brooks Drive
Cheadle Royal Business Park
Cheadle
Cheshire
SK8 3TD

SOLICITORS:

DWF LLP
5 St Paul's Square
Old Hall Street
Liverpool
L3 9AE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

This strategic report summarises the performance and achievements of Broderick Group for the fiscal year ending in 2022. The company has demonstrated resilience and growth, surpassing pre-pandemic and post-Brexit performance, establishing itself as Britain's leading vending company. We have achieved significant milestones and have continued to expand into new markets, fostering strategic partnerships, and maintaining a strong presence in various sectors.

Broderick Group has performed exceptionally well in the fiscal year 2022, exceeding pre-pandemic and post-Brexit numbers. Our total turnover has increased by £8 million, marking a remarkable growth of over 50%. This significant growth can be attributed to our strong client retention, strategic partnerships, and expansion into new markets.

We are proud to maintain our position as Britain's strongest vending company, a testament to our commitment to excellence. Our presence has extended into various sectors, including Shopping Malls, NHS, Universities, and the catering and retail industry. This expansion has contributed to our solid growth and enhanced our reputation as a leading service provider.

One of our key strengths lies in our ability to retain existing clients and establish fruitful partnerships. We have seen outstanding client retention rates and have forged strategic partnerships in the catering and retail sectors. Our collaboration with retail giant the Co-Op has yielded positive results and contributed to our growth.

A significant driver of our success has been the development and implementation of NEBULAR, our telemetry system. NEBULAR is currently running and monitoring our fleet in real-time, leveraging Microsoft Power BI. This innovative system has transformed our operations into a cashless model and has been well-received by our customers, with over 100,000 downloads of the pay4vend app at operated sites.

We have expanded our wholesale division through Broderick's DIY, demonstrating our commitment to diversification and growth. This expansion has played a pivotal role in increasing our overall turnover and strengthening our position in the market.

Our ongoing capital expenditure program for new and existing clients has positioned us as an industry leader with the best asset register. We are dedicated to upgrading our clients' services mid-contract, ensuring that we stay ahead in terms of technology and service quality.

As employees return to work, and business volumes continue to climb, we anticipate further growth and increased demand for our services. We recognize the importance of data in driving our business, with NEBULAR serving as a valuable engagement tool. Data analytics will play an increasingly significant role in shaping our strategies and decision-making.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company relate to staffing issues, whilst the company is renowned for better remuneration packages, the growth has increased the workforce from 117 to 137.

FINANCIAL RISK MANAGEMENT

Information on financial risk management is scheduled in note 28 to the financial statements.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

THE ENVIRONMENT AND A SUSTAINABLE FUTURE

This is how we are working towards a more sustainable future.

The Company has established environmental roles and responsibilities to ensure our targets and objectives are achieved, documented and communicated throughout the business, the Management provide the resources essential for effective environmental management. We follow procedures which provide guidance for the purchase of goods and services that have significant environmental aspects, this includes communicating our requirements to suppliers who are assessed on their environmental credentials.

Environmentally friendly product range - we have worked extensively with suppliers to provide our customers with machines that deliver exceptional service but also serve our commitment to a cleaner and safer environment. Where possible, equipment is manufactured within the United Kingdom, reducing the amount of carbon emissions used in delivery. Our touch screen range of machines is made using a resource conserving process and recycled materials where possible. They use advanced energy management systems and L.E.D. lighting that greatly reduce their power consumption which has less impact on the environment and is beneficial for our customers' energy bills. We now offer a refrigerant free machine providing customers with the opportunity to operate a machine at ambient temperature further reducing energy consumption and eliminating hydrofluorocarbons (HFCs) that are produced from refrigeration units. We are consistently investing our time and resources into the researching and development of new more environmentally friendly product ranges.

Recycle and re-use - we have in house technical facilities that enable us to refurbish pre owned vending equipment. With the support of our suppliers and manufacturers, older machines can receive a new lease of life; after a comprehensive rebuild replacing all wear and tear components the machines go through a rigorous inspection procedure and are then made ready for resale. Not only does this reduce carbon emissions, it reduces the precious resources required to manufacture from new and keeps the old machines out of the waste chain.

Sustainable Supply Chain Management - we have committed to reducing the delivery miles of our products by sourcing supply partners who are closer to our customers, or work with us to agree options of delivery that reduce our carbon footprint whilst maintaining the efficiency of our service.

Recyclable products - we are committed to identifying new products which are more sustainable and have improved recyclability such as fully compostable cups and lids.

Route planning - The Broderick Group use a vehicle tracking system allowing us to collect and analyse a vast array of information. We have real time GPS tracking control over every vehicle asset and operator / engineer. Such control allows us to analyse which is the best or most fuel-efficient route to a site. If a site requires technical support, we can find the closest engineer to hand to enable a rapid response.

Reduction of waste to landfill - cardboard and plastics are baled at Head Office and sent for recycling.

We have been working closely with Simply Cups to set up a joint venture programme to offer customers the opportunity to recycle vending machine cups and further reduce waste to landfill. We are the first vending company in the North West to offer this service.

100% Recyclable Paper Cup - we are currently trialling a material to be able to offer a paper cup which can be recycled with cardboard and paper without any special treatment or process.

Reducing paper in our operations - we use innovative computer and communication systems for efficient operational control reducing the amount of paper we use whilst recording accurate information. We have introduced electronic generation of invoices and last year we saved 1.5 tonnes of paper that we could have generated by printing.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Training - employees receive training in environmental awareness so that they become aware of their responsibilities and help implement the simple practices that would reduce our carbon emissions.

Fleet management - the Company has now completed its programme to replace the van fleet with more fuel efficient Euro 6 Ford Transit Custom vans, and have also commenced the introduction of Hybrid and Electric vehicles.

Living wage - We continually look to improve the lives of our best assets, our people. We are working towards paying our employees at least the living wage and are in the process of applying for the accreditation to show this.

Health and Wellbeing - Broderick Group Ltd believes in offering our customers healthy choices, as more and more customers are making informed decisions about what they consume. We offer hot beverages made with real dairy skimmed milk, healthy fruit juices and flavoured mineral waters. We were the pioneers of healthy hot beverages by encouraging existing clients and new customers to make the switch to healthy skimmed milk. Previously most vended hot beverages contained whiteners made from Hydrogenated Vegetable Oils and contained unhealthy Trans fats. Trans fats increase levels of LDL cholesterol which can increase the risk of coronary heart disease.

Ethical Trading - Broderick Group Ltd have long established ethical trading principles and were one of the first vending companies in the United Kingdom to offer ethically endorsed products back in the 1990's. We are a supplier of fair trade and fair-trade certified products. Our ethically traded product range covers coffee, tea, chocolate drinks, fruit juices and confectionery. The Rainforest Alliance Certified seal on Broderick's Coffee Beans promotes environmental responsibility, social equity and economic viability for farm communities.

Support for our local community and beyond - Broderick Group Ltd have continued to donate and provide charitable support in our local community throughout the year.

The Broderick's Beanstalk Foundation - estimated to produce an additional £4,000 in charitable donations. For every box of Broderick's Coffee Beans we sell, we will make a £1 donation to the Beanstalk Foundation, to create a fund that is there to add a little magic where it matters in community life.

Cashless Payment Technology - Broderick Group Limited have invested heavily in contactless payment and payment applications technology that can be used across our range of machines. This technology allows the business to respond to the payment demand of our customers, improve our cash cycles and improve the overall customer experience.

ON BEHALF OF THE BOARD:

J M Broderick - Director

7 December 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the purchase and sale of vending machines, ingredients and supply of professionally operated vending services.

DIVIDENDS

An interim dividend of £109,952 (2021: £89,710) was paid in the year. The directors recommend that no (2021: no) final dividend be paid.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

J M Broderick
P A Broderick

Other changes in directors holding office are as follows:

C Broderick , B A Broderick George and J Broderick Senior were appointed as directors after 31 December 2022 but prior to the date of this report.

DONATIONS

During the year the company donated £6,584 (2021: £3,481) to various charities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

The auditors, Clarke Nicklin LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J M Broderick - Director

7 December 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRODERICK GROUP LIMITED

Opinion

We have audited the financial statements of Broderick Group Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRODERICK GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Procedures to identify risks:

- enquiring of management concerning the company's procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: timing of recognition of sales and purchases and their related stock movements, posting of unusual journals; and
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

The procedures to respond to risks identified included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing correspondence with HMRC;
- testing the timing and matching of income and expense transactions relating to stock movements either side of the year end; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulation that are not closely related to events and transactions reflected in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment, by for example, forgery or intentional misrepresentation, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRODERICK GROUP LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Travis FCA (Senior Statutory Auditor)
for and on behalf of Clarke Nicklin LLP
Chartered Accountants and
Statutory Auditors
Clarke Nicklin House
Brooks Drive
Cheadle Royal Business Park
Cheadle
Cheshire
SK8 3TD

7 December 2023

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
TURNOVER	3	22,112,869	14,172,962
Cost of sales		12,222,951	8,278,941
GROSS PROFIT		9,889,918	5,894,021
Distribution costs		507,721	364,301
Administrative expenses		7,907,745	5,738,585
		8,415,466	6,102,886
		1,474,452	(208,865)
Other operating income		-	328,314
OPERATING PROFIT	5	1,474,452	119,449
Interest payable and similar expenses	6	43,567	35,517
PROFIT BEFORE TAXATION		1,430,885	83,932
Tax on profit	7	439,479	(107,015)
PROFIT FOR THE FINANCIAL YEAR		991,406	190,947
Retained earnings at beginning of year		2,733,190	2,631,953
Dividends	8	(109,952)	(89,710)
RETAINED EARNINGS AT END OF YEAR		3,614,644	2,733,190

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2022

		2022	2021
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	3,238,176	3,077,244
Investments	10	<u>104</u>	<u>104</u>
		3,238,280	3,077,348
CURRENT ASSETS			
Stocks	11	1,395,524	1,296,318
Debtors	12	3,827,175	2,131,264
Cash at bank		<u>527,066</u>	<u>250,647</u>
		5,749,765	3,678,229
CREDITORS			
Amounts falling due within one year	13	<u>4,234,815</u>	<u>3,369,331</u>
NET CURRENT ASSETS		<u>1,514,950</u>	<u>308,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,753,230	3,386,246
CREDITORS			
Amounts falling due after more than one year	14	(643,086)	(611,357)
PROVISIONS FOR LIABILITIES	18	<u>(472,900)</u>	<u>(19,099)</u>
NET ASSETS		<u><u>3,637,244</u></u>	<u><u>2,755,790</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	15,574	15,574
Capital redemption reserve	20	7,026	7,026
Retained earnings	20	<u>3,614,644</u>	<u>2,733,190</u>
SHAREHOLDERS' FUNDS		<u><u>3,637,244</u></u>	<u><u>2,755,790</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 December 2023 and were signed on its behalf by:

J M Broderick - Director

P A Broderick - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	1,261,527	1,323,954
Interest paid		(43,567)	(35,517)
Tax paid		248,592	(48,778)
Net cash from operating activities		<u>1,466,552</u>	<u>1,239,659</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,013,474)	(2,054,882)
Sale of tangible fixed assets		45,507	26,592
Net cash from investing activities		<u>(967,967)</u>	<u>(2,028,290)</u>
Cash flows from financing activities			
Loan repayments in year		(192,500)	-
Capital repayments in year		64,162	(487,448)
Amount introduced by directors		62,102	59,892
Amount withdrawn by directors		(45,978)	(59,892)
Equity dividends paid		(109,952)	(89,710)
Net cash from financing activities		<u>(222,166)</u>	<u>(577,158)</u>
Increase/(decrease) in cash and cash equivalents		<u>276,419</u>	<u>(1,365,789)</u>
Cash and cash equivalents at beginning of year	26	250,647	1,616,436
Cash and cash equivalents at end of year	26	<u>527,066</u>	<u>250,647</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. COMPANY INFORMATION

Broderick Group Limited ("the Company") is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is 1 Alpha Point, Bradnor Road, Sharston, Manchester, M22 4TE.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102") and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical costs convention.

The financial statements are presented in Sterling (£).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have reached this conclusion giving due consideration to the projected future performance of the company, any potential risk that might impact the company's ability to meet its required solvency levels, and the position with regard to bank borrowing. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about Broderick Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 405 of the Companies Act 2006 not to prepare consolidated financial statements, as its subsidiary undertakings taken together are not material for the purposes of giving a true and fair view.

Significant judgements and estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the financial statements: Depreciation - The useful life of a vending machine can vary significantly. Estimates are based on historic experience and current expectations of useful life. The size of prior year gains and losses on disposal are also factored into estimates.

Turnover

Turnover represents net invoiced sales of machines, ingredients, snacks and cans and maintenance and rental of machines, excluding value added tax.

Sales of snacks, ingredients and drinks are recognised at point of sale.

Machine sales are recognised when the risks and rewards of ownership are transferred to the customer.

Machines rentals are recognised as and when the rents fall, usually per lease agreement in place with each customer.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 15% on reducing balance
Security system	- 25% on reducing balance
Vending machines	- 5 years straight line and 20% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 3-5 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Machine rentals

The company holds a number of vending machines that are rented out under operating leases.

Rental Income from operating leases is recognised on a straight-line basis over the period of the lease.

Government Grants

Grant income receivable under the Coronavirus Job Retention Scheme ("CJRS") is recognised in the Income Statement on a straight line basis over the furlough period for each relevant employee.

Financial assets

Basic financial assets, including trade debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial Liabilities

Basic financial liabilities, including trade creditors and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of goods	19,985,258	12,672,124
Rendering of services	2,127,611	1,500,838
	<u>22,112,869</u>	<u>14,172,962</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	22,086,682	14,100,947
Europe	26,187	72,015
	<u>22,112,869</u>	<u>14,172,962</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	4,115,787	3,245,512
Social security costs	402,707	336,465
Other pension costs	64,743	91,696
	<u>4,583,237</u>	<u>3,673,673</u>

The average number of employees during the year was as follows:

	2022	2021
Office staff	40	25
Operations	59	57
Engineering	20	19
Sales	10	9
Warehouse	8	7
	<u>137</u>	<u>117</u>

	2022	2021
	£	£
Directors' remuneration	366,142	336,587
Directors' pension contributions to money purchase schemes	<u>2,642</u>	<u>42,636</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	185,733	170,140
Pension contributions to money purchase schemes	<u>1,321</u>	<u>21,318</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	312,777	43,333
Depreciation - owned assets	895,263	586,447
Depreciation - assets on hire purchase contracts and finance leases	164,813	217,061
Loss on disposal of fixed assets	67,439	84,499
Auditors' remuneration: Audit services	22,830	19,995
Foreign exchange differences	(179)	198
Income from operating leases	504,671	(557,555)
Motor vehicle leases	458,338	391,989
Government grants	<u>-</u>	<u>(328,314)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Other interest	<u>43,567</u>	<u>35,517</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	(14,322)	(32,650)
Adjustment in respect of prior year	-	(76,606)
Total current tax	<u>(14,322)</u>	<u>(109,256)</u>
Deferred tax	453,801	2,241
Tax on profit	<u>439,479</u>	<u>(107,015)</u>

UK corporation tax was charged at 19% in 2021.

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>1,430,885</u>	<u>83,932</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	271,868	15,947
Effects of:		
Expenses not deductible for tax purposes	37,740	7,962
Capital allowances in excess of depreciation	(55,470)	(64,750)
Utilisation of tax losses	86,167	10,432
Adjustments to tax charge in respect of previous periods	(14,322)	(76,606)
Increase in tax due to deferred tax increase to 25%	113,496	-
Total tax charge/(credit)	<u>439,479</u>	<u>(107,015)</u>

8. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Interim	<u>109,952</u>	<u>89,710</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS

	Office equipment £	Security system £	Vending machines £
COST			
At 1 January 2022	64,778	40,396	5,915,216
Additions	3,393	-	869,329
Disposals	-	-	(204,031)
At 31 December 2022	<u>68,171</u>	<u>40,396</u>	<u>6,580,514</u>
DEPRECIATION			
At 1 January 2022	37,172	35,897	3,226,470
Charge for year	4,443	1,125	908,983
Eliminated on disposal	-	-	(149,837)
At 31 December 2022	<u>41,615</u>	<u>37,022</u>	<u>3,985,616</u>
NET BOOK VALUE			
At 31 December 2022	<u>26,556</u>	<u>3,374</u>	<u>2,594,898</u>
At 31 December 2021	<u>27,606</u>	<u>4,499</u>	<u>2,688,746</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2022	248,792	406,375	212,412	6,887,969
Additions	1,555	457,325	2,352	1,333,954
Disposals	-	(66,272)	-	(270,303)
At 31 December 2022	<u>250,347</u>	<u>797,428</u>	<u>214,764</u>	<u>7,951,620</u>
DEPRECIATION				
At 1 January 2022	142,735	172,500	195,951	3,810,725
Charge for year	16,122	119,372	10,031	1,060,076
Eliminated on disposal	-	(7,520)	-	(157,357)
At 31 December 2022	<u>158,857</u>	<u>284,352</u>	<u>205,982</u>	<u>4,713,444</u>
NET BOOK VALUE				
At 31 December 2022	<u>91,490</u>	<u>513,076</u>	<u>8,782</u>	<u>3,238,176</u>
At 31 December 2021	<u>106,057</u>	<u>233,875</u>	<u>16,461</u>	<u>3,077,244</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS - continued

Vending machines includes assets owned by the company that are leased out under operating leases:

	2021 £	2020 £
Cost	678,556	751,703
Accumulated depreciation	<u>505,961</u>	<u>534,614</u>

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Vending machines £	Motor vehicles £	Totals £
COST			
At 1 January 2022	230,316	150,815	381,131
Additions	8,960	366,792	375,752
Disposals	(10,293)	-	(10,293)
At 31 December 2022	<u>228,983</u>	<u>517,607</u>	<u>746,590</u>
DEPRECIATION			
At 1 January 2022	87,389	21,994	109,383
Charge for year	78,542	86,271	164,813
Eliminated on disposal	(6,176)	-	(6,176)
At 31 December 2022	<u>159,755</u>	<u>108,265</u>	<u>268,020</u>
NET BOOK VALUE			
At 31 December 2022	<u>69,228</u>	<u>409,342</u>	<u>478,570</u>
At 31 December 2021	<u>142,927</u>	<u>128,821</u>	<u>271,748</u>

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2022 and 31 December 2022	<u>104</u>
NET BOOK VALUE	
At 31 December 2022	<u>104</u>
At 31 December 2021	<u>104</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 202210. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Brodericks Limited

Registered office: 1 Alpha Point, Bradnor Road, Sharston, Manchester, M22 4TE

Nature of business: Dormant

	% holding	2022	2021
Class of shares:		£	£
Ordinary	100.00	<u>100</u>	<u>100</u>
Aggregate capital and reserves			

Mediavend Limited

Registered office: 1 Alpha Point, Bradnor Road, Sharston, Manchester, M22 4TE

Nature of business: Dormant

	% holding	2022	2021
Class of shares:		£	£
Ordinary	100.00	<u>2</u>	<u>2</u>
Aggregate capital and reserves			

Broderick's Vending Services Limited

Registered office: 1 Alpha Point, Bradnor Road, Sharston, Manchester, M22 4TE

Nature of business: Dormant

	% holding	2022	2021
Class of shares:		£	£
Ordinary	100.00	<u>2</u>	<u>2</u>
Aggregate capital and reserves			

11. **STOCKS**

	2022	2021
	£	£
Ingredients, snacks, cans & bottles	688,165	653,845
Machines & parts	<u>707,359</u>	<u>642,473</u>
	<u>1,395,524</u>	<u>1,296,318</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	3,280,162	1,601,358
Other debtors	443,200	173,686
Tax recoverable	-	234,270
Prepayments and accrued income	103,813	121,950
	<u>3,827,175</u>	<u>2,131,264</u>

Trade debtors are stated after impairment provisions of £180,849 (2021: £85,151).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 15)	187,500	187,500
Hire purchase contracts and finance leases (see note 16)	345,519	185,106
Trade creditors	1,631,398	2,388,479
Social security and other taxes	716,459	251,870
Other creditors	80,369	58,194
Directors' current accounts	16,124	-
Accrued expenses	1,257,446	298,182
	<u>4,234,815</u>	<u>3,369,331</u>

Other creditors includes unpaid pension contributions of £20,106 (2021: £15,318).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 15)	276,250	468,750
Hire purchase contracts and finance leases (see note 16)	366,836	142,607
	<u>643,086</u>	<u>611,357</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>187,500</u>	<u>187,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 202215. **LOANS - continued**

	2022 £	2021 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>276,250</u>	<u>468,750</u>

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2022 £	2021 £	2022 £	2021 £
Net obligations repayable:				
Within one year	172,230	75,602	173,289	109,504
Between one and five years	<u>156,971</u>	<u>84,252</u>	<u>209,865</u>	<u>58,355</u>
	<u>329,201</u>	<u>159,854</u>	<u>383,154</u>	<u>167,859</u>

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	2022 £	2021 £
Bank loans	463,750	656,250
Hire purchase contracts and finance leases	<u>712,355</u>	<u>327,713</u>
	<u>1,176,105</u>	<u>983,963</u>

The bank loans are secured by a fixed and floating charge on the company's assets.

Finance lease liabilities and hire purchase contracts are secured on the assets to which they relate.

18. **PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax	<u>472,900</u>	<u>19,099</u>
		Deferred tax £
Balance at 1 January 2022		19,099
Charge to Income Statement during year		<u>453,801</u>
Balance at 31 December 2022		<u>472,900</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. PROVISIONS FOR LIABILITIES - continued

The provision for deferred taxation is made up as follows

	2021 £	2020 £
Accelerated capital allowances	356,804	28,358
Losses carried forward	(334,794)	(10,432)
Other timing differences	<u>(2,911)</u>	<u>(1,068)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
15,574	Ordinary	£1	<u>15,574</u>	<u>15,574</u>

20. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2022	2,733,190	7,026	2,740,216
Profit for the year	991,406		991,406
Dividends	<u>(109,952)</u>		<u>(109,952)</u>
At 31 December 2022	<u>3,614,644</u>	<u>7,026</u>	<u>3,621,670</u>

21. CONTINGENT LIABILITIES

Intercompany cross guarantees are in place with National Westminster Bank Plc in respect of all borrowings. The guarantee is made between Brodericks Love Coffee LLP and Broderick Group Limited.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2022 and 31 December 2021:

	2022 £	2021 £
J M Broderick		
Balance outstanding at start of year	-	-
Amounts advanced	35,275	33,065
Amounts repaid	(39,091)	(33,065)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(3,816)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

P A Broderick

Balance outstanding at start of year	-	-
Amounts advanced	26,827	26,827
Amounts repaid	(39,091)	(26,827)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(12,264)</u>	<u>-</u>

Advances to directors include cash payments and personal expenses paid by the company.

Amounts repaid consist of dividends, expenses and cash amounts repaid by the directors.

Directors' loans are interest free and repayable on demand.

23. RELATED PARTY DISCLOSURES

Dividends

The following dividends were payable to directors:

	2022	2021
	£	£
J M Broderick	39,091	31,950
P A Broderick	<u>39,091</u>	<u>31,950</u>

Other related parties

	2022	2021
	£	£
Purchases	281,498	323,356
Rent paid	72,000	72,000
Amount due from related party	396,702	54,130
Amount due to related party	<u>77,184</u>	<u>119,452</u>

24. ULTIMATE CONTROLLING PARTY

There is no overall controlling party.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

25. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	1,430,885	83,932
Depreciation charges	1,060,076	803,505
Loss on disposal of fixed assets	67,439	84,499
Finance costs	43,567	35,517
	<u>2,601,967</u>	<u>1,007,453</u>
(Increase)/decrease in stocks	(99,206)	44,076
Increase in trade and other debtors	(1,930,181)	(115,969)
Increase in trade and other creditors	688,947	388,394
Cash generated from operations	<u><u>1,261,527</u></u>	<u><u>1,323,954</u></u>

26. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>527,066</u>	<u>250,647</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>250,647</u>	<u>1,616,436</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.22 £	Cash flow £	Other non-cash changes £	At 31.12.22 £
Net cash				
Cash at bank	<u>250,647</u>	<u>276,419</u>		<u>527,066</u>
	<u>250,647</u>	<u>276,419</u>		<u>527,066</u>
Debt				
Hire purchase and finance leases	(327,713)	(64,162)	-	(712,355)
Debts falling due within 1 year	(187,500)	-	-	(187,500)
Debts falling due after 1 year	<u>(468,750)</u>	<u>192,500</u>	-	<u>(276,250)</u>
	<u>(983,963)</u>	<u>128,338</u>	-	<u>(1,176,105)</u>
Total	<u>(733,316)</u>	<u>404,757</u>	-	<u>(649,039)</u>

28. FINANCIAL RISK MANAGEMENT

The main risks that the company is exposed to are:

Credit Risk

The company's credit risk is mainly attributable to its trade debtors, this is managed by having a broad range of customers and their exposure to the company is based on their credit score.

Financial Risk

The company reduces its exposure to funding and liquidity risks by relying on the cash position of the business. The company does not currently hold any loans, and so interest rate risk is reduced.

Price Risks

We made the conscious decision to leave the buying group, to great success. Our own position in the market allowed us to not only receive the same prices, but allowed us to build a cohesive relationship with the brands, and increased rebate recognition in product placement.

Fraud

The risk of dealing with cash is always at the forefront of our system processes. With the increased introduction of cashless systems, credit card payments, and the new Apple Pay we are continually reducing this risk.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.