

**Unaudited Financial Statements**  
**for the Year Ended 31 December 2022**  
**for**  
**Rockford Components Limited**

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**for the Year Ended 31 December 2022**

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**Rockford Components Limited**  
**Company Information**  
**for the Year Ended 31 December 2022**

**DIRECTORS:** Mrs P A Marks  
P A Lion  
L A Betts

**SECRETARY:** Mrs P A Marks

**REGISTERED OFFICE:** Rockford House  
Acer Road  
Rendlesham  
Woodbridge  
Suffolk  
IP12 2GJ

**REGISTERED NUMBER:** 01838700 (England and Wales)

**ACCOUNTANTS:** Knights Lowe Chartered Accountants  
Eldo House  
Kempson Way  
Suffolk Business Park  
Bury St Edmunds  
Suffolk  
IP32 7AR

**Statement of Financial Position**  
**31 December 2022**

	Notes	2022 £	£	2021 £	£
<b>FIXED ASSETS</b>					
Intangible assets	5		-		-
Tangible assets	6		<u>713,835</u>		<u>645,584</u>
			<b>713,835</b>		<b>645,584</b>
<b>CURRENT ASSETS</b>					
Stocks	7	<b>2,474,919</b>		2,879,737	
Debtors	8	<b>1,438,886</b>		1,221,297	
Cash at bank and in hand		<b>101,943</b>		<b>216,584</b>	
		<b>4,015,748</b>		<b>4,317,618</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<b>4,613,637</b>		<b>3,995,382</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>(597,889)</b>		<b>322,236</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>115,946</b>		<b>967,820</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		<b>349,120</b>		<b>466,263</b>
<b>NET (LIABILITIES)/ASSETS</b>			<b>(233,174)</b>		<b>501,557</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		<b>100</b>		<b>100</b>
Retained earnings	15		<b>(233,274)</b>		<b>501,457</b>
<b>SHAREHOLDERS' FUNDS</b>			<b>(233,174)</b>		<b>501,557</b>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

**Statement of Financial Position - continued**  
**31 December 2022**

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 16 February 2024 and were signed on its behalf by:

P A Lion - Director

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2022**

**1. STATUTORY INFORMATION**

Rockford Components Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

As forecasted in the 2021 Annual Report, trading throughout 2022 remained very challenging. A combination of supply chain problems, customer sales order placement delays and design issues all had a detrimental effect on turnover and hence the company's ability to return to profit.

After deducting a further £189,853 provision for potentially obsolete stock, the company made a loss for the year of £734,731 and at 31 December 2022 had net liabilities of £233,174. However, included within creditors falling due within one year is an amount of £1,753,662 owed to the controlling shareholder and in respect of which there is no fixed date for repayment. Furthermore, as part of a wider restructuring of a new group headed by Rockford Components Holdings Limited, the majority of the amount owed to the controlling shareholder is likely to be converted into redeemable preference shares.

Although undoubtedly 2022 was another difficult year for the company, many of the previously noted problems concerning the supply chain, sales order placement and design begun to be resolved during 2023. Furthermore, during 2023 a number of positive factors such as new sales markets and technologies, higher margin products, better procurement and labour utilisation, and in contract price increases enabled the company to return to profitable trading. Management accounts for the year ended 31 December 2023 show turnover of £7.6m (2022 - £6.0m), a gross profit rate of 32.3% (2022 - 19.7%) and a profit for the year of £272k (2022 - loss £735k). Forecasted sales for the 2024 financial year are £9.5m and of this amount £7.2m has already been placed into the confirmed order book.

Despite the company's improving trading position, several years of poor results have nevertheless weakened the company's net assets position and financial resources. Whilst such conditions continue to give rise to uncertainty as to whether the company may be unable to realise its assets and settle its liabilities in the normal course of business, with the continued support of its key suppliers, customers and other stakeholders, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

In preparing these financial statements the directors have made the following significant judgements and estimates:

**Tangible fixed assets**

Tangible fixed assets are depreciated over their estimated useful economic lives taking into account, where relevant, their estimated residual values. Useful economic lives and residual values are re-assessed annually and amended as considered necessary to reflect economic utilisation and physical condition of the assets.

**Stocks**

The allowance made by the company for obsolete stock items is determined by taking into account a number of factors such as technical obsolescence, traceability issues and likelihood of future use in production.

**Turnover**

Turnover represents sales of goods and services, derived from ordinary activities, net of VAT and trade discounts. Turnover is recognised either on delivery or, when appropriate, where there is a right to consideration based on contract performance.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

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

Freehold land	- not provided
Freehold property	- over 50 years
Long leasehold land	- not provided
Improvements to property	- 10% on cost
Plant and machinery	- 25% on reducing balance,
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

**Government grants**

Grants are accounted for using the accrual model.

Grants relating to revenue are recognised in the Income Statement in the same period as the related costs for which the grant is intended to compensate. Where there are no related costs the grant is recognised in the period in which it becomes receivable.

Grants relating to assets are recognised in the Income Statement over the expected useful life of the asset.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued**

**Stocks**

Stocks relate to materials, components and consumables which have not been utilised in the manufacture of product as at the statement of financial position date. Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete items.

The directors determine the allowance for obsolete stock items by way of a three stage process. The first stage is to identify obsolete stock items relating to particular major contracts. The second stage involves the identification of stock items which are not commonly used across any recent or current contracts. Obsolete stock items identified at stages one and two are written down to nil.

The third stage of the process is based on the directors view that most large projects have a four year production cycle with a further period of high spares usage due to intense testing. After the first five years relevant stock items usage reduces over a period of a further five years and hence on this basis a 20% write down is made each year.

**Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, bank overdrafts, asset based facilities including invoice discounting and loans with related parties.

Debt instruments that are payable or receivable within one year, such as trade payables or receivables, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received. Debt instruments that are repayable or receivable after one year are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each financial year for evidence of impairment. If objective evidence of impairment is found an impairment loss is recognised in the Income Statement.

**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 statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Amounts recoverable on contracts**

Amounts recoverable on contracts relate to part complete contracts where the company has gained a right to consideration based on contract performance. The value attributed to amounts recoverable on contracts includes the cost of materials, labour, and an appropriate allocation of overheads.

**Impairment of non-financial assets**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each statement of financial position date. If such indication exists, the recoverable amount of the asset is compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Income Statement.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 115 (2021 - 127) .

**5. INTANGIBLE FIXED ASSETS**

	Know how £
<b>COST</b>	
At 1 January 2022	
and 31 December 2022	<u>95,000</u>
<b>AMORTISATION</b>	
At 1 January 2022	
and 31 December 2022	<u>95,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**6. TANGIBLE FIXED ASSETS**

	Freehold property £	Long leasehold land £	Improvements to property £
<b>COST</b>			
At 1 January 2022	683,790	65,000	222,210
Additions	-	-	7,156
At 31 December 2022	683,790	65,000	229,366
<b>DEPRECIATION</b>			
At 1 January 2022	258,166	-	167,524
Charge for year	9,750	-	15,804
Reversal of impairments	(84,126)	-	-
At 31 December 2022	183,790	-	183,328
<b>NET BOOK VALUE</b>			
At 31 December 2022	500,000	65,000	46,038
At 31 December 2021	425,624	65,000	54,686

  

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2022	815,912	28,899	177,222	1,993,033
Additions	25,913	-	4,577	37,646
At 31 December 2022	841,825	28,899	181,799	2,030,679
<b>DEPRECIATION</b>				
At 1 January 2022	722,719	24,042	174,998	1,347,449
Charge for year	25,077	1,214	1,676	53,521
Reversal of impairments	-	-	-	(84,126)
At 31 December 2022	747,796	25,256	176,674	1,316,844
<b>NET BOOK VALUE</b>				
At 31 December 2022	94,029	3,643	5,125	713,835
At 31 December 2021	93,193	4,857	2,224	645,584

Included in the cost of freehold property is land of £60,000 (2021 - £60,000) which is not depreciated.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**7. STOCKS**

	<b>2022</b>	2021
	£	£
Materials, components and consumables	<u><b>2,474,919</b></u>	<u><b>2,879,737</b></u>

Stocks are stated net of an obsolescence provision of £1,930,677 (2021 - £1,740,824). The movement in the provision, representing an impairment loss of £189,853 (2021 - £224,077), has been charged to the Income Statement.

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022</b>	2021
	£	£
Trade debtors	<b>1,148,563</b>	835,430
Amounts recoverable on contracts	<b>24,592</b>	121,429
Other debtors	<u><b>265,731</b></u>	<u>264,438</u>
	<u><b>1,438,886</b></u>	<u><b>1,221,297</b></u>

Included in trade debtors are balances totalling £1,117,831 (2021 - £832,027) which are subject to invoice discounting arrangements. These trade debtor balances have been transferred to the counterparty, though the transaction does not qualify for derecognition on the basis that the late payment risk is retained by the company. The associated liability recognised in creditors amounts to £819,249 (2021 - £583,810).

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022</b>	2021
	£	£
Bank loans and overdrafts	<b>10,000</b>	10,000
Property loan facilities	<b>107,143</b>	107,143
Invoice discounting facilities	<b>819,249</b>	583,810
Payments on account	<b>86,209</b>	158,933
Trade creditors	<b>1,485,525</b>	958,442
Social security and other taxes	<b>57,560</b>	52,578
VAT	<b>184,752</b>	189,329
Other creditors	<b>14,823</b>	13,898
Directors' current accounts	<b>1,753,662</b>	1,837,375
Accruals	<u><b>94,714</b></u>	<u>83,874</u>
	<u><b>4,613,637</b></u>	<u><b>3,995,382</b></u>

Included in directors' current accounts is £1,753,662 (2021 - £1,837,375) owed to Mrs P A Marks. This amount has no fixed date for repayment and no interest is payable on the amount outstanding.

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2022</b>	2021
	£	£
Bank loans	<b>24,167</b>	34,167
Property loan facilities	<u><b>324,953</b></u>	<u>432,096</u>
	<u><b>349,120</b></u>	<u><b>466,263</b></u>

Included in property loan facilities balance is £Nil (2021 - £3,525) amounts falling due in more than five years, repayable by instalments.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**11. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2022</b>	2021
	£	£
Within one year	<u>-</u>	<u>1,113</u>

**12. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2022</b>	2021
	£	£
Property loan facilities	<b>432,096</b>	539,239
Invoice discounting facilities	<b>819,249</b>	583,810
	<u><b>1,251,345</b></u>	<u>1,123,049</u>

The property loan facilities are secured on the company's assets and on two sites utilised by the company but which are owned personally by the controlling director/shareholder Mrs P A Marks.

The invoice discounting facilities are secured by way of fixed and floating charges over the company's assets and undertaking.

**13. PROVISIONS FOR LIABILITIES**

	<b>Deferred tax</b>
	£
Accelerated capital allowances	<b>29,576</b>
Relievable trading losses	<b>(29,576)</b>
Balance at 31 December 2022	<u>-</u>

Deferred tax is provided for at a rate of 19% (2021 - 19%).

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			<b>2022</b>	2021
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u><b>100</b></u>	<u>100</u>

**15. RESERVES**

	<b>Retained earnings</b>
	£
At 1 January 2022	<b>501,457</b>
Deficit for the year	<b>(734,731)</b>
At 31 December 2022	<u><b>(233,274)</b></u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2022**

**16. RELATED PARTY DISCLOSURES**

**Mrs P A Marks**

A director of the company

Included in creditors due within one year is £1,753,662 (2021 - £1,837,375) owed to Mrs P A Marks. This amount has no fixed date for repayment and no interest is payable on the amount outstanding. As part of a wider restructuring of a new group headed by Rockford Components Holdings Limited, the majority of this balance is likely to be converted into redeemable preference shares.

During the year the company operated partly from two sites owned personally by Mrs P A Marks. No rent was charged to the company. Also, in 2019, the company undertook a refinancing consisting of a new invoice discounting facility and two new property loan facilities. These facilities are secured on the company's assets but also on the two sites owned personally by Mrs P A Marks.

**17. CONTROLLING PARTY**

The immediate parent company is Rockford Components Holdings Limited, the registered office for which is Rockford House, Acer Road, Rendlesham, Woodbridge, Suffolk, IP12 2GJ

The controlling party is Mrs P A Marks.

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.