

Company registration number 02179444 (England and Wales)

ADPAK MACHINERY SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

ADPAK MACHINERY SYSTEMS LIMITED

COMPANY INFORMATION

Directors	J Farrow M Aspinall A Farrow A Jenkins M Sumner C Turner
Company number	02179444
Registered office	3 Pendleside Lomeshaye Industrial Estate Nelson Lancashire United Kingdom BB9 6RY
Auditor	Azets Audit Services Crown House Bridgewater Close Burnley Lancashire United Kingdom BB11 5TE

ADPAK MACHINERY SYSTEMS LIMITED

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ADPAK MACHINERY SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The turnover of the company has decreased from £13,227,646 to £10,744,505 in the year, resulting in a profit after tax of £753,866. The reduction in turnover was expected due to the unusually high sales in the previous year and the poor external economic climate in the current year.

At the year end, the company had shareholders' funds of £4,663,830 including distributable reserves of £3,558,481.

This year has seen our focus move towards our ESG responsibilities and road to sustainability by making the decision to invest in technology which will help us to reduce our carbon impact. The long-term goal being the attainment of a net zero operation, albeit one which will be made in many small steps.

An investment plan has been made which will enable on-site generation of carbon neutral electricity, via solar P.V. and a new, modern, low-energy, materials storage facility. This will potentially reduce our Scope 1 carbon emissions in the very near future.

The forthcoming year is expected to yield an improvement in turnover and reduction in energy costs.

Principal Risks and Uncertainties

The directors perceive the key risks facing the company to be an inflationary increase in machinery/parts and a generally increasing cost base. To mitigate these risks, the directors continue to monitor costs and seek to obtain the best prices on stock items.

On behalf of the board

J Farrow
Director

19 December 2023

ADPAK MACHINERY SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the assembly and distribution of packaging machinery and film.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £725,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Farrow
M Aspinall
A Farrow
A Jenkins
M Sumner
C Turner

Financial instruments

Objectives and policies

The company finances its operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank financing.

The managements objectives are to:

- retain sufficient liquid funds to enable them to meet its day to day obligations as they fall due whilst maximising returns on any surplus funds; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ADPAK MACHINERY SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of directors' responsibilities

The directors are responsible for preparing the annual report 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J Farrow
Director

19 December 2023

ADPAK MACHINERY SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADPAK MACHINERY SYSTEMS LIMITED

Opinion

We have audited the financial statements of Adpak Machinery Systems Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 March 2023 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 *Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ADPAK MACHINERY SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADPAK MACHINERY SYSTEMS LIMITED

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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 directors' responsibilities statement, 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 is 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.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ADPAK MACHINERY SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADPAK MACHINERY SYSTEMS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 an auditor's report 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.

Simon Read
Senior Statutory Auditor
For and on behalf of Azets Audit Services

20 December 2023

Chartered Accountants
Statutory Auditor

Crown House
Bridgewater Close
Burnley
Lancashire
United Kingdom
BB11 5TE

ADPAK MACHINERY SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	10,744,505	13,227,646
Cost of sales		(6,674,053)	(8,617,655)
Gross profit		4,070,452	4,609,991
Distribution costs		(346,708)	(329,950)
Administrative expenses		(2,769,177)	(2,433,557)
Other operating income		-	21,104
Operating profit	4	954,567	1,867,588
Interest receivable and similar income	7	12,987	104
Interest payable and similar expenses	8	(23,688)	(27,952)
Profit before taxation		943,866	1,839,740
Tax on profit	9	(190,000)	(377,732)
Profit for the financial year		753,866	1,462,008

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ADPAK MACHINERY SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Profit for the year	753,866	1,462,008
Other comprehensive income		
Revaluation of tangible fixed assets	-	459,444
Tax relating to other comprehensive income	-	(114,861)
Other comprehensive income for the year	-	344,583
Total comprehensive income for the year	753,866	1,806,591

ADPAK MACHINERY SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		2,207,091		2,356,232
Current assets					
Stocks	12	1,547,265		1,114,673	
Debtors	13	2,528,664		2,561,234	
Cash at bank and in hand		2,629,042		3,132,931	
		<u>6,704,971</u>		<u>6,808,838</u>	
Creditors: amounts falling due within one year	14	<u>(3,865,766)</u>		<u>(3,863,011)</u>	
Net current assets			<u>2,839,205</u>		<u>2,945,827</u>
Total assets less current liabilities			<u>5,046,296</u>		<u>5,302,059</u>
Creditors: amounts falling due after more than one year	15		(106,223)		(390,852)
Provisions for liabilities					
Deferred tax liability	17	<u>276,243</u>	<u>(276,243)</u>	<u>276,243</u>	<u>(276,243)</u>
Net assets			<u><u>4,663,830</u></u>		<u><u>4,634,964</u></u>
Capital and reserves					
Called up share capital	19		50		50
Revaluation reserve			1,105,299		1,105,299
Capital redemption reserve			50		50
Profit and loss reserves			<u>3,558,431</u>		<u>3,529,565</u>
Total equity			<u><u>4,663,830</u></u>		<u><u>4,634,964</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

J Farrow
Director

Company Registration No. 02179444

ADPAK MACHINERY SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2021		50	760,716	50	2,567,557	3,328,373
Year ended 31 March 2022:						
Profit for the year		-	-	-	1,462,008	1,462,008
Other comprehensive income:						
Revaluation of tangible fixed assets		-	459,444	-	-	459,444
Tax relating to other comprehensive income		-	(114,861)	-	-	(114,861)
Total comprehensive income for the year		-	344,583	-	1,462,008	1,806,591
Dividends	10	-	-	-	(500,000)	(500,000)
Balance at 31 March 2022		50	1,105,299	50	3,529,565	4,634,964
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	-	-	753,866	753,866
Dividends	10	-	-	-	(725,000)	(725,000)
Balance at 31 March 2023		50	1,105,299	50	3,558,431	4,663,830

ADPAK MACHINERY SYSTEMS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	22	695,533	1,718,943
Interest paid		(23,688)	(27,952)
Income taxes paid		(315,880)	-
Net cash inflow from operating activities		355,965	1,690,991
Investing activities			
Purchase of tangible fixed assets		(35,891)	(224,697)
Proceeds from disposal of tangible fixed assets		24,509	132,444
Interest received		12,987	104
Net cash generated from/(used in) investing activities		1,605	(92,149)
Financing activities			
Repayment of bank loans		(2,909)	(224,072)
Payment of finance leases obligations		(133,550)	(172,486)
Dividends paid		(725,000)	(500,000)
Net cash used in financing activities		(861,459)	(896,558)
Net (decrease)/increase in cash and cash equivalents		(503,889)	702,284
Cash and cash equivalents at beginning of year		3,132,931	2,430,647
Cash and cash equivalents at end of year		2,629,042	3,132,931

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Adpak Machinery Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Pendleside, Lomeshaye Industrial Estate, Nelson, Lancashire, United Kingdom, BB9 6RY.

1.1 Accounting convention

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 the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service contracts are recognised over the period of the contract on a straight line basis.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Plant and equipment	25% per annum on reducing balance
Motor vehicles	33% per annum on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property is carried at fair value at the date of the revaluation plus additions at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The surplus or deficit on book value is transferred to the revaluation reserve.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in 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 profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Depreciation

The company recognises depreciation on the tangible fixed assets on a reducing balance basis over their useful lives. The annual depreciation charge on tangible fixed assets is material to the results of Adpak Machinery Systems Limited.

Stock provision

Stock provisions are based on the directors estimation of any parts of stock that will be scrapped, and any provisions believed to be necessary to reduce machine stock used as demonstration to net realisable value. The directors considered these provisions to be a fair estimation of the impairment of stock based on historical results and anticipated future stock requirements.

Following an exercise to scrap obsolete stock during the year, the directors consider no provision is required at the balance sheet date.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Distribution and assembly operations	10,744,505	13,227,646

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other revenue		
Interest income	12,987	104
Grants received	-	21,104
	<u> </u>	<u> </u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	19,176	8,454
Government grants	-	(21,104)
Fees payable to the company's auditor for the audit of the company's financial statements	19,000	15,614
Depreciation of owned tangible fixed assets	57,384	37,637
Depreciation of tangible fixed assets held under finance leases	159,253	116,812
Profit on disposal of tangible fixed assets	(4,931)	(55,880)
Operating lease charges	18,227	20,804
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Distribution and admin	34	34
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	1,591,543	1,478,159
Social security costs	203,367	175,197
Pension costs	28,513	26,313
	<u> </u>	<u> </u>
	<u>1,823,423</u>	<u>1,679,669</u>

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	632,116	537,683
Company pension contributions to defined contribution schemes	6,603	6,169
	<u>638,719</u>	<u>543,852</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	<u>239,814</u>	<u>219,439</u>

7 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	<u>12,987</u>	<u>104</u>

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>12,987</u>	<u>104</u>

8 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,611	7,505
Other finance costs:		
Interest on finance leases and hire purchase contracts	14,077	20,447
	<u>23,688</u>	<u>27,952</u>

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	<u>190,000</u>	<u>316,000</u>

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation (Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	-	61,732
	<u> </u>	<u> </u>
Total tax charge	190,000	377,732
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	943,866	1,839,740
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	179,335	349,551
Tax effect of expenses that are not deductible in determining taxable profit	-	2,191
Depreciation in excess of capital allowances	6,972	26,143
Sundry tax differences	3,693	(153)
	<u> </u>	<u> </u>
Taxation charge for the year	190,000	377,732
	<u> </u>	<u> </u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	-	114,861
	<u> </u>	<u> </u>

10 Dividends

	2023 £	2022 £
Final paid	725,000	500,000
	<u> </u>	<u> </u>

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	1,750,000	755,177	649,201	3,154,378
Additions	2,460	4,968	79,646	87,074
Disposals	-	-	(43,592)	(43,592)
At 31 March 2023	1,752,460	760,145	685,255	3,197,860
Depreciation and impairment				
At 1 April 2022	-	634,263	163,883	798,146
Depreciation charged in the year	-	39,770	176,867	216,637
Eliminated in respect of disposals	-	-	(24,014)	(24,014)
At 31 March 2023	-	674,033	316,736	990,769
Carrying amount				
At 31 March 2023	1,752,460	86,112	368,519	2,207,091
At 31 March 2022	1,750,000	120,914	485,318	2,356,232

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Motor vehicles	363,801	459,155

The company's property was revalued in 2022 at a value of £1,750,000 by Eckersley, independent valuers not connected with the company, on the basis of market value.

Freehold land and buildings are carried at valuation. If freehold land and buildings were measured using the cost model, the carrying amounts would have been approximately £428,635 (2022 - £441,981), being cost £507,610 (2022 - £505,150) and depreciation £78,975 (2022 - £70,172).

12 Stocks

	2023 £	2022 £
Raw materials and consumables	1,547,265	1,114,673

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	1,340,540	1,260,870
Deposits paid to suppliers	1,094,209	1,213,879
Other debtors	9,472	4,258
Prepayments and accrued income	84,443	82,227
	<u>2,528,664</u>	<u>2,561,234</u>

14 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans		219,988	26,647
Obligations under finance lease and hire purchase contracts	16	150,656	144,644
Deposits received in advance		1,585,480	1,613,361
Trade creditors		1,057,762	952,235
Corporation tax		190,120	316,000
Other taxation and social security		336,855	455,578
Other creditors		98,743	148,725
Accruals and deferred income		226,162	205,821
		<u>3,865,766</u>	<u>3,863,011</u>

The company's bank loan is secured by a legal mortgage on the company's freehold property and a fixed and floating charge on the assets of the company.

The bank loan was repayable over a term of twenty years commencing in 2018 bearing interest at 2.25% above bank base rate, however it has been repaid in full, after the year end, in August 2023.

Obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Creditors: amounts falling due after more than one year

		2023 £	2022 £
Bank loans		-	196,250
Obligations under finance leases	16	106,223	194,602
		<u>106,223</u>	<u>390,852</u>

The company's bank loan is secured by a legal mortgage on the company's freehold property and a fixed and floating charge on the assets of the company.

The bank loan was repayable over a term of twenty years commencing in 2018 bearing interest at 2.25% above bank base rate, however it has been repaid in full, after the year end, in August 2023.

Obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

16 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	163,807	137,394
In two to five years	116,368	231,931
	<u>280,175</u>	<u>369,325</u>
Less: future finance charges	(23,296)	(30,079)
	<u>256,879</u>	<u>339,246</u>

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	54,963	54,963
Revaluations	221,280	221,280
	<u>276,243</u>	<u>276,243</u>

There were no deferred tax movements in the year.

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	28,513	26,313

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50	50	50	50

20 Financial instruments

Derivatives

At 31 March 2023, the company had entered into forward currency contracts. As at this date, the company had a commitment to purchase Euros to a total value of €700,000 at a pre-agreed exchange rate.

21 Ultimate controlling party

The ultimate controlling party is J Farrow by virtue of his majority interest in the issued share capital of the company.

22 Cash generated from operations

	2023	2022
	£	£
Profit for the year after tax	753,866	1,462,008
Adjustments for:		
Taxation charged	190,000	377,732
Finance costs	23,688	27,952
Investment income	(12,987)	(104)
Gain on disposal of tangible fixed assets	(4,931)	(55,880)
Depreciation and impairment of tangible fixed assets	216,637	154,449
Movements in working capital:		
(Increase)/decrease in stocks	(432,592)	48,224
Decrease/(increase) in debtors	32,570	(891,099)
(Decrease)/increase in creditors	(70,718)	595,661
Cash generated from operations	695,533	1,718,943

ADPAK MACHINERY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Analysis of changes in net funds

	1 April 2022	Cash flows	New finance leases	31 March 2023
	£	£	£	£
Cash at bank and in hand	3,132,931	(503,889)	-	2,629,042
Borrowings excluding overdrafts	(222,897)	2,909	-	(219,988)
Obligations under finance leases	(339,246)	133,550	(51,183)	(256,879)
	<u>2,570,788</u>	<u>(367,430)</u>	<u>(51,183)</u>	<u>2,152,175</u>

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.