

Lowe and Fletcher Limited

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number: 01269006

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Lowe and Fletcher Limited

Annual Report and Financial Statements for the year ended 31 December 2022

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Directors

H P Trevor-Jones
G S Birt
J D R Broadbent
P G Walker
S J Sole
R Mason
H H Trevor-Jones
J Zimmermann

Secretary and registered office

G S Birt, Westwood Granary, Oldbury, Bridgnorth, Shropshire. WV16 5LP

Company number

01269006

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Bankers

Lloyds Bank plc, 125 Colmore Row, Birmingham, B3 3SD

Solicitors

Underhill, Langley & Wright. 7 Waterloo Road, Wolverhampton, WV1 4DW

Lowe and Fletcher Limited

Strategic report for the year ended 31 December 2022

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the Group are split across two divisions. The Locking Systems division designs and manufactures locking systems for industry including associated hardware and accessories. The Fire Safety division supply smoke and fire containment systems.

Trading review and future developments

The Directors are pleased with the overall sales position of the Group, however, profitability performance has been weakened due to an unprecedented sequence of adverse external factors including the Russian invasion of Ukraine, excess demand post pandemic and continued supply chain issues.

The consolidated income statement is shown on page 11. Turnover has increased by 1.3% to £91,903,071, gross profit has decreased by 4.3% to £31,141,217 and profit before tax has decreased by 71.8% to £2,270,396. *The decrease in profit is largely due to inflationary pressures resulting from the Russian invasion of Ukraine, as well as non-recurring payroll costs.*

The consolidated balance sheet is shown on page 13. Net assets have increased from £32,728,295 to £35,495,173.

The consolidated statement of cash flows is shown on page 16. Cash and cash equivalents have decreased from £7,134,417 to £540,782.

The Group remains committed to the long term strategic plan for which there are clear internal targets and objectives and the Directors are determined to ensure that each operating Company is in a position to benefit from the improved economic conditions as markets recover.

Key performance indicators

It is considered that the key financial performance indicators are those which communicate the financial performance and strength of the Group as a whole. These being turnover, gross profit and profit before taxation. Turnover increased by 1.3% to £91,903,071, gross profit decreased by 4.3% to £31,141,217 and profit before tax decreased by 71.8% to £2,270,396. Various other performance indicators are monitored by the Directors.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. These are carefully monitored by the Directors.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity, to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Lowe and Fletcher Limited

Strategic report for the year ended 31 December 2022 (*continued*)

Financial risk management objectives and policies (*continued*)

Price risk

The Group is exposed to commodity price risk. The Directors manage exposure to commodity price risk to the extent considered practical.

Financial instruments

The use of financial instruments is governed by the Group's policies approved by the board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Post balance sheet events

Post year end, a new £4m term loan, repayable over 5 years, has been obtained in the UK. There have been no other significant events affecting the Group or Company since the year end.

Funding and going concern

Historically, the Group has been funded by cash flows generated from trading, bank loans and overdrafts. The bank loans are repayable over a period of time and the UK overdraft facilities were successfully renewed in June 2023, with the next renewal due on 31 May 2024. The Directors are not aware of any reasons why the overdraft facilities would not be continued at the same level and terms at the renewal date in future years but note that this has not been confirmed with the bank. The funding provided by the banks is secured on related assets and is subject to covenants. The Directors do not anticipate breaching bank covenants in the forecast period. Post year end, a new £4m term loan, repayable over 5 years, has been obtained in the UK.

The Directors have prepared a profit and loss and balance sheet forecast ("the forecast") for the period to 30 September 2024 ("the forecast period") which shows the trading, financial position, cash at bank, bank loans, overdrafts and expected available bank facilities for the forecast period. The forecast has been prepared for each individual trading Company and then aggregated to derive the cash at bank, bank loans, overdrafts and expected available bank facilities for the Group for the forecast period. The forecast shows that the Group and Parent Company will be able to operate and meet their external liabilities as they fall due for payment during the forecast period within its current and expected to be available bank facilities.

The Directors continue to monitor the trading risks and pressures, such as inflation, on the Group and the possible need for additional funding (caused, for instance, by the non-renewal of facilities or failing to resolve future breaches in covenants with the bank). They do not consider these to be of sufficient significance to indicate that a material uncertainty exists which may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern and therefore their ability to operate and pay their liabilities as they fall due for payment through the forecast period.

Therefore, after careful consideration, it is the Directors view that the available bank loan and overdraft funding will continue in place throughout the period and that the headroom of current and expected to be available bank facilities compared to cash at bank, bank loans and overdrafts should be sufficient to enable the Group and Parent Company to operate and meet their liabilities as they fall due for payment throughout the forecast period. On this basis, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis. Thus, the financial statements do not include the adjustments that would be necessary if the Group and Parent Company are unable to continue as a going concern.

Lowe and Fletcher Limited

**Strategic report
for the year ended 31 December 2022 (continued)**

Streamlined Energy and Carbon Reporting ("SECR")

Lowe and Fletcher Limited, the Parent Company, is required to comply with SECR due to the thresholds being exceeded by the Group to which it heads.

The subsidiaries based outside of the UK have been excluded as they are not in scope to comply with SECR. In addition, all UK subsidiaries within the Group have been excluded as they do not meet the individual qualification criteria on an individual company basis. Consequently, the total consumption and emissions figures provided below represents those of the Parent Company only.

The total consumption (kWh) figures for energy supplies reportable by the Company are as follows:

	2022	2021
Grid-supplied electricity (Scope 2)	2,259,567	2,564,054
Gaseous and other fuels (Scope 1)	1,703,362	1,671,273
Transportation (Scope 1 and 3)	84,208	60,213
	4,047,137	4,295,540

The total emission (tCO₂e) figures for energy supplies reportable by the company are as follows:

	2022	2021
Grid-supplied electricity (Scope 2)	437	545
Gaseous and other fuels (Scope 1)	313	309
Transportation (Scope 1 and 3)	20	14
	770	868

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2021 UK Government environment reporting guidance. Emission Factor Database (2022, version 1.0) which is consistent with the 2021 UK Government environmental reporting guidance has been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for the year ended 31 December 2022 reporting period.

An intensity metric of tCO₂e per £m Turnover has been applied for the total annual consumption of the Company as follows:

	2022	2021
tCO ₂ e/£m Turnover	48.90	49.64

Energy Efficiency Improvements:

The Company is committed to annual improvements in operational energy efficiency. In line with many other companies, the Board has adopted a net zero carbon challenge. Over the course of time this will include:

- replacement of existing plant with more energy efficient plant;
- minimise energy loss by improving machine insulation and optimisation of machine operational times;
- change of the company car fleet to hybrid or full electric vehicles;
- factory lighting and heating changes to include a portfolio of LED, solar power and wind technologies where appropriate;
- a behavioural awareness programme to encourage staff to reduce energy consumption and adopt green technologies generally; and
- taking initiatives in areas that will help lower the use of energy wherever they are appropriate for the business.

Lowe and Fletcher Limited

Strategic report for the year ended 31 December 2022 (continued)

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Group and Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). The executive Directors meet on a monthly basis and the agenda typically includes reports on current trading and financial performance from the Group Managing Directors and Group Finance Director, legal and governance updates, a review of the strategic plan and more detailed discussions of areas of importance such as the functions and profit centres. The management team considers the Company's key stakeholders to include employees, shareholders, customers, suppliers and the local community.

Long-term decisions

The Directors discussed proposals for new business opportunities, capital expenditure and factory improvement initiatives. Whilst financial benefit and shareholder return is one of the key decision criteria, the long term effect on the Group's going concern, the environment, job security for our employees, value and service for our customers and fair trading terms with our suppliers were all considered too. The Directors recognise their responsibility to act fairly between all its stakeholders.

During the year, the Directors' principal focus continues to be achieving a return to pre-pandemic operating and efficiency levels which has been adversely impacted by the Russian invasion of Ukraine. Latterly, this involved a focus on managing the impact of inflationary pressures, inconsistent demand levels, supply chain issues and ensuring the Group had the appropriate level and mix of labour resource.

Customers and suppliers

Our engagement with customers and suppliers continues to evolve and improve and the Directors recognise that maintaining these relationships along with upholding the Group's reputation for high standards of business conduct is essential for the Group's long-term success. We have meetings with all key customers regularly and the purchasing departments regularly visit our suppliers to maintain strong relationships, competitive but fair prices and drive innovation in recycled material.

Employees

Our employees are fundamental to the Group's success. The Directors aim to be a responsible employer and ensure that pay and benefits are fair and competitive. The health, safety and well-being of Group's employees is the management team's primary consideration. We encourage employees to maximise their potential through internal and external training, coaching, producing development plans and regular performance appraisal.

Trading updates

The Directors considered trading performance from across the Company's operations, discussed operational issues such as capacity planning, renewing Company policies, utilisation and sales and margins.

Strategic Plan

The Directors have developed an outline business plan which encompasses the Group's vision and direction for the next 3 years. The plan considers management's assessment of recent trading performance, new product markets and regions and collaboration with strategic partners. The plan allows the Group to achieve its desired growth opportunities, create increased manufacture capacity for this growth, and necessary enhancement of the Group's manufacturing and organisational capability.

Financial updates

The Directors' discussed performance against budget with particular focus on underperforming projects, reviewed the monthly rolling forecast, discussed funding requirements, reviewed liquidity position and considered payment of shareholder dividends.

Lowe and Fletcher Limited

**Strategic report
for the year ended 31 December 2022 (continued)**

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Sustainability

The Directors are aware of their responsibility to safeguard the environment. The various companies in the Group adhere to all local environmental requirements. The Directors consider sustainability within the Group strategies.

Approval

This strategic report was approved on behalf of the Board on 21st June 2023



G S Birt
Chairman

Lowe and Fletcher Limited

Directors' report for the year ended 31 December 2022

Results and dividends

The consolidated income statement is set out on page 11 and shows the profit for the year.

Dividends of £1,339,067 (2021 - £1,205,160) have been paid during the year.

Directors

The Directors of the Company during the year, and up to the date of this report, were as follows:

H P Trevor-Jones (Chairman)
G S Birt
J D R Broadbent
P G Walker
S J Sole
R Mason
H H Trevor-Jones
J Zimmermann (appointed 1 January 2023)

Charitable and political contributions

Charitable contributions for the year amounted to £34,100 (2021 - £21,075). Political contributions amounted to £Nil (2021 - £Nil).

Employee involvement

The Group has well established structures and procedures for consultation, communication and negotiation with its employees, appropriate to the Company concerned. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Post balance sheet events

Post year end, a new £4m term loan, repayable over 5 years, has been obtained in the UK. There have been no other significant events affecting the Group or Company since the year end.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Further information about how the Directors have engaged with employees, how they have had regard to employee interest, and the effect of that regard can be found in the Strategic report. A summary of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard can also be found in the Strategic report.

Streamlined Energy and Carbon Reporting ("SECR")

The SECR disclosures have been included in the Strategic report.

Lowe and Fletcher Limited

Directors' report for the year ended 31 December 2022 (continued)

Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' 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 Group and Company 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 Group and Company and of the profit or loss of the Group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The Group's principal activities, trading review, future developments and financial risk management objectives and policies that would normally be shown within the Directors' report have been included in the Strategic report.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



G S Birt
Chairman

Date: 21st June 2023

Lowe and Fletcher Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWE AND FLETCHER LIMITED

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Lowe and Fletcher Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company balance sheet, the Company statement of changes in equity 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 Group's and Parent 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 included in the Annual Report and Financial Statements other than the financial statements and our auditor's report 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. 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.

Lowe and Fletcher Limited

Independent auditor's report (continued)

Other Companies Act 2006 reporting

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

In the light of the knowledge and understanding of the Group and Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 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 Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and the industry in which it operates, and considered the risk of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the principles of United Kingdom Generally Accepted Accounting Practice, relevant tax legislation and health and safety.

Lowe and Fletcher Limited

Independent auditor's report (continued)

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of financial statements disclosures to underlying supporting documentation;
- review of accounting policies for non-compliance with relevant standards;
- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- review of correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations;
- review of minutes of Directors' board meetings throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. We addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluating whether there was any evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jon Gilpin

397C313CDCBF48A

Jonathan Gilpin (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date: 21 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lowe and Fletcher Limited

Consolidated income statement for the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	91,903,071	90,702,752
Cost of sales		(60,761,854)	(58,155,477)
Gross profit		31,141,217	32,547,275
Other operating income	4	183,862	406,730
Operating expenses before intangible assets amortisation		(27,489,320)	(23,446,059)
Intangible assets amortisation	11	(1,196,766)	(1,192,659)
Total operating expenses	3	(28,686,086)	(24,638,718)
Group operating profit	4	2,638,993	8,315,287
Interest receivable and similar income	6	280	207
Interest payable and similar charges	7	(287,877)	(190,311)
Other finance charges	8	(81,000)	(73,000)
Profit before taxation		2,270,396	8,052,183
Tax on profit	9	(771,998)	(1,725,104)
Profit after taxation		1,498,398	6,327,079

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £	2021 £
Profit for the financial year		1,498,398	6,327,079
Currency translation differences		956,765	(1,221,139)
Actuarial gains on defined benefit pension scheme	21	3,088,000	1,577,000
Taxation in respect of actuarial losses		(772,000)	(394,250)
Other comprehensive income / (loss) for the year		3,272,765	(38,389)
Total comprehensive income for year		4,771,163	6,288,690
Profit for the financial year attributable to:			
Non-controlling interest		579,332	1,391,331
Owners of the Parent Company		919,066	4,935,748
		1,498,398	6,327,079
Total comprehensive income attributable to:			
Non-controlling interest		812,722	1,222,707
Owners of the Parent Company		3,958,441	5,065,983
		4,771,163	6,288,690

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Consolidated balance sheet at 31 December 2022

<i>Company number 01269006</i>	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	11		1,694,645		1,886,692
Tangible assets	12		17,849,397		15,825,226
			19,544,042		17,711,918
Current assets					
Stocks	14	16,233,687		14,848,101	
Debtors:					
- amounts falling due within one year	15	16,830,104		15,557,367	
- amounts falling due after more than one year	15	1,242,286		1,480,837	
Investments	15a	691,872		764,467	
Cash at bank and in hand		4,683,815		8,039,528	
		39,681,764		40,690,300	
Creditors: amounts falling due within one year	16	(20,111,663)		(16,724,240)	
Net current assets			19,570,101		23,966,060
Total assets less current liabilities			39,114,143		41,677,978
Creditors: amounts falling due after more than one year	17		(2,500,970)		(4,047,683)
Net assets excluding pension liability			36,613,173		37,630,295
Pension liability	21		(1,118,000)		(4,902,000)
Net assets			35,495,173		32,728,295
Capital and reserves					
Called up share capital	22		5,356,268		5,356,268
Other reserves			4,678,774		3,955,399
Profit and loss account			21,767,250		19,871,251
Equity attributable to owners of the Parent Company			31,802,292		29,182,918
Non-controlling interests			3,692,881		3,545,377
			35,495,173		32,728,295

The financial statements were approved by the Board of Directors and authorised for issue on

21st June 2023

G S Birt
Chairman

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Consolidated statement of changes in equity For the year ended 31 December 2022

	Share capital £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £	Non- controlling interests £	Total equity £
1 January 2022	5,356,268	3,955,399	19,871,251	29,182,918	3,545,377	32,728,295
Profit for the year	-	-	919,066	919,066	579,332	1,498,398
	-	-	919,066	919,066	579,332	1,498,398
Currency translation differences	-	723,375	-	723,375	233,390	956,765
Actuarial gains on pension scheme	-	-	3,088,000	3,088,000	-	3,088,000
Taxation in respect of actuarial gains	-	-	(772,000)	(772,000)	-	(772,000)
Other comprehensive income for the year	-	723,375	2,316,000	3,039,375	233,390	3,272,765
Total comprehensive income for the year	-	723,375	3,235,066	3,958,441	812,722	4,771,163
Contributions by and distributions to owners						
Dividends	-	-	(1,339,067)	(1,339,067)	(665,218)	(2,004,285)
Total contributions by and distributions to owners	-	-	(1,339,067)	(1,339,067)	(665,218)	(2,004,285)
31 December 2022	5,356,268	4,678,774	21,767,250	31,802,292	3,692,881	35,495,173

Called up share capital represents the nominal value of the shares issued.

Other reserves comprise foreign exchange fluctuations reserve, capital reserve and capital redemption reserve:

- The foreign exchange fluctuations reserve represents foreign exchange translation differences arising on consolidation.
- The capital reserve represents the accumulated capital surplus to be used to offset capital losses.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the parent.

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Consolidated statement of changes in equity For the year ended 31 December 2021

	Share capital £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £	Non- controlling interests £	Total equity £
1 January 2021	5,356,268	5,007,914	14,957,913	25,322,095	2,993,549	28,315,644
Profit for the year	-	-	4,935,748	4,935,748	1,391,331	6,327,079
	-	-	4,935,748	4,935,748	1,391,331	6,327,079
Currency translation differences	-	(1,052,515)	-	(1,052,515)	(168,624)	(1,221,139)
Actuarial gains on pension scheme	-	-	1,577,000	1,577,000	-	1,577,000
Taxation in respect of actuarial gains	-	-	(394,250)	(394,250)	-	(394,250)
Other comprehensive income for the year	-	(1,052,515)	1,182,750	130,235	(168,624)	(38,389)
Total comprehensive income for the year	-	(1,052,515)	6,118,498	5,065,983	1,222,707	6,288,690
Contributions by and distributions to owners						
Dividends	-	-	(1,205,160)	(1,205,160)	(670,879)	(1,876,039)
Total contributions by and distributions to owners	-	-	(1,205,160)	(1,205,160)	(670,879)	(1,876,039)
31 December 2021	5,356,268	3,955,399	19,871,251	29,182,918	3,545,377	32,728,295

Called up share capital represents the nominal value of the shares issued.

Other reserves comprise foreign exchange fluctuations reserve, capital reserve and capital redemption reserve:

- The foreign exchange fluctuations reserve represents foreign exchange translation differences arising on consolidation.
- The capital reserve represents the accumulated capital surplus to be used to offset capital losses.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the parent.

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Consolidated statement of cash flows for the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,498,398	6,327,079
Adjustments for:		
Depreciation of tangible fixed assets	2,273,100	2,054,318
Amortisation of intangible assets	1,196,766	1,192,659
Net interest payable	287,597	190,104
Taxation expense	771,998	1,725,104
Net interest on net defined benefit pension liability	81,000	73,000
Pension contributions to defined benefit pension scheme	(777,000)	(577,000)
(Increase) in stocks (including foreign exchange)	(828,141)	(3,285,990)
(Increase) in debtors (including foreign exchange)	(230,878)	(1,837,868)
(Decrease) / increase in creditors (including foreign exchange)	(1,459,035)	2,554,087
Decrease / (increase) in current asset investments	72,595	(71,222)
Loss on sale of tangible fixed assets and intangible assets	322,660	5,858
Cash from operations	3,209,060	8,350,129
Interest paid	(287,877)	(190,311)
Taxation paid	(1,855,165)	(1,527,264)
Net cash generated from operating activities	1,066,018	6,632,554
Cash flows from investing activities		
Interest received	280	207
Purchase of tangible fixed assets	(4,154,017)	(3,245,081)
Purchase of intangible assets	(1,000,884)	(51,119)
Net cash used in investing activities	(5,154,621)	(3,295,993)
Cash flows from financing activities		
New loans	1,981,910	-
Loans repaid	(2,717,851)	(1,920,462)
Finance leases	91,238	(10,198)
Dividends paid to minority shareholders	(665,218)	(670,879)
Equity dividends paid	(1,339,067)	(1,205,160)
Net cash used in financing activities	(2,648,988)	(3,806,699)
Net (decrease) in cash and cash equivalents	(6,737,591)	(470,138)
Cash and cash equivalents at beginning of year	7,134,417	7,832,758
Foreign exchange gains / (losses)	143,956	(228,203)
Cash and cash equivalents at end of year	540,782	7,134,417
Cash and cash equivalents comprise:		
Cash at bank and in hand	4,683,815	8,039,528
Bank overdrafts	(4,143,033)	(905,111)
	540,782	7,134,417

The notes on page 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Company balance sheet at 31 December 2022

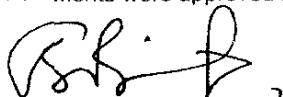
<i>Company number 01269006</i>	<i>Note</i>	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	11		1,163,287		791,979
Tangible assets	12		3,380,457		3,383,168
Investments	13		33,552,816		33,552,816
			38,096,560		37,727,963
Current assets					
Stocks	14	3,272,268		3,325,668	
Debtors					
- amounts falling due within one year	15	8,468,524		8,821,007	
- amounts falling due after more than one year	15	1,037,881		1,383,768	
Investments	15a	691,872		764,467	
Cash at bank and in hand		1,455,233		4,779,559	
		14,925,778		19,074,469	
Creditors: amounts falling due within one year	16	(9,737,957)		(11,492,739)	
Net current assets			5,187,821		7,581,730
Total assets less current liabilities			43,284,381		45,309,693
Creditors: amounts falling due after more than one year	17		(1,979,482)		(1,943,542)
Net assets excluding pension liability			41,304,899		43,366,151
Pension liability	21		(1,118,000)		(4,902,000)
Net assets after pension liability			40,186,899		38,464,151
Capital and reserves					
Called up share capital	22		5,356,268		5,356,268
Capital redemption reserve			2,989,343		2,989,343
Profit and loss account			31,841,288		30,118,540
			40,186,899		38,464,151

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was £745,815 (2021 - £3,001,211).

The financial statements were approved by the Board of Directors and authorised for issue on

21st June 2023

G S Birt
Chairman



The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Company statement of changes in equity For the year ended 31 December 2022

	Share capital £	Capital Redemption Reserve £	Profit and loss account £	Total equity £
1 January 2022	5,356,268	2,989,343	30,118,540	38,464,151
Comprehensive income for the year				
Profit for the year	-	-	745,815	745,815
	-	-	745,815	745,815
Actuarial gains on pension scheme	-	-	3,088,000	3,088,000
Taxation in respect of actuarial gains	-	-	(772,000)	(772,000)
Other comprehensive income for the year	-	-	2,316,000	2,316,000
Total comprehensive income for the year	-	-	3,061,815	3,061,815
Contributions by and distributions to owners				
Dividends	-	-	(1,339,067)	(1,339,067)
Total contributions by and distributions to owners	-	-	(1,339,067)	(1,339,067)
31 December 2022	5,356,268	2,989,343	31,841,288	40,186,899

Called up share capital represents the nominal value of the shares issued.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Company statement of changes in equity For the year ended 31 December 2021

	Share capital £	Capital Redemption Reserve £	Profit and loss account £	Total equity £
1 January 2021	5,356,268	2,989,343	27,139,739	35,485,350
Comprehensive income for the year				
Profit for the year	-	-	3,001,211	3,001,211
	-	-	3,001,211	3,001,211
Actuarial gains on pension scheme	-	-	1,577,000	1,577,000
Taxation in respect of actuarial gains	-	-	(394,250)	(394,250)
Other comprehensive income for the year	-	-	1,182,750	1,182,750
Total comprehensive income for the year	-	-	4,183,961	4,183,961
Contributions by and distributions to owners				
Dividends	-	-	(1,205,160)	(1,205,160)
Total contributions by and distributions to owners	-	-	(1,205,160)	(1,205,160)
31 December 2021	5,356,268	2,989,343	30,118,540	38,464,151

Called up share capital represents the nominal value of the shares issued.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 20 to 50 form part of these financial statements.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies

Lowe and Fletcher Limited is a private Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the strategic report. The Company's registered number is 01269006.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (note 2).

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No cash flow statement has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

Going concern

Historically, the Group has been funded by cash flows generated from trading, bank loans and overdrafts. The bank loans are repayable over a period of time and the UK overdraft facilities were successfully renewed in June 2023, with the next renewal due on 31 May 2024. The Directors are not aware of any reasons why the overdraft facilities would not be continued at the same level and terms at the renewal date in future years but note that this has not been confirmed with the bank. The funding provided by the banks is secured on related assets and is subject to covenants. The Directors do not anticipate breaching bank covenants in the forecast period. Post year end, a new £4m term loan, repayable over 5 years, has been obtained in the UK.

The Directors have prepared a profit and loss and balance sheet forecast ("the forecast") for the period to 30 September 2024 ("the forecast period") which shows the trading, financial position, cash at bank, bank loans, overdrafts and expected available bank facilities for the forecast period. The forecast has been prepared for each individual trading Company and then aggregated to derive the cash at bank, bank loans, overdrafts and expected available bank facilities for the Group for the forecast period. The forecast shows that the Group and Parent Company will be able to operate and meet their external liabilities as they fall due for payment during the forecast period within its current and expected to be available bank facilities.

The Directors continue to monitor the trading risks and pressures, such as inflation, on the Group and the possible need for additional funding (caused, for instance, by the non-renewal of facilities or failing to resolve future breaches in covenants with the bank). They do not consider these to be of sufficient significance to indicate that a material uncertainty exists which may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern and therefore their ability to operate and pay their liabilities as they fall due for payment through the forecast period.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Going concern (continued)

Therefore, after careful consideration, it is the Directors view that the available bank loan and overdraft funding will continue in place throughout the period and that the headroom of current and expected to be available bank facilities compared to cash at bank, bank loans and overdrafts should be sufficient to enable the Group and Parent Company to operate and meet their liabilities as they fall due for payment throughout the forecast period. On this basis, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis. Thus, the financial statements do not include the adjustments that would be necessary if the Group and Parent Company are unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements present the results of Lowe and Fletcher Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases. Subsidiaries held for sale are excluded from the consolidated results.

In accordance with the transitional exemption available in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

Revenue

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer.

Revenues and profits on long-term contracts are computed on the percentage of completion method. Profits are determined once the outcome of the contract can be assessed with reasonable certainty, after making reserves against all anticipated costs. Where contracts allow for milestone claims, revenue is recognised upon completions of works provided in accordance with the contract.

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue does not include sales between companies in the Group.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is calculated at the following rates:

Freehold buildings	-	2% - 5% per annum
Leasehold land and buildings	-	The term of the lease
Freehold improvements	-	10% per annum
Motor vehicles	-	10% - 33.3% per annum
Plant, machinery, fixtures and fittings	-	10% - 33.3% per annum
Dies and tools	-	10% - 33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares, which have been classified as current asset investments, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Intangible assets - Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised over periods ranging from 5 to 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Intangible assets - Other

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangible assets are arrived at by using appropriate valuation techniques.

Brands, intellectual property and customer relationships are amortised over their useful economic lives of 5 years. Software is amortised over 5 years.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Impairment of fixed assets and intangible assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Company's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Research and development costs

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The judgements, estimates and assumptions are:

Going concern

When making the assessment upon the Group's ability to continue as a going concern, the Directors consider various factors, including current trading and market conditions, current funding facilities, the expectations of future trading and the ability of the Group to operate within available funding facilities, contingent liabilities, and any other relevant facts or circumstances. This assessment covers at least twelve months following the date of approval of the financial statements. Note 1 contains more information in respect of this.

Tangible and intangible assets impairment

Tangible and intangible assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

Tangible assets depreciation

Tangible fixed assets are depreciated over their useful economic lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Stock

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in the income statement.

Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

Investments of Parent Company

The investments in subsidiaries are assessed at each reporting date to determine whether there is any indication the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Recoverability of amounts due from Group undertakings (Parent Company)

At each balance sheet date, the amounts due from Group undertakings are reviewed for recoverability. If a concern exists as to recoverability, the carrying value is reduced. The Directors consider that the Group undertakings will be able to fully repay their debts to the Company. Therefore at the date of approval of these financial statements, the Directors do not consider that any impairment is required against amounts due from Group undertakings.

Pension scheme assumptions

The valuation of the pension scheme liability is determined on an actuarial basis. The actuarial calculation requires assumptions and projections to be made about future uncertain events. The actuarial assumptions, as outlined in note 21, are reviewed at each balance sheet with consideration of underlying economic factors and actuarial advice received. Sensitivity analysis is also performed to assess the impact of changes in key assumptions, such as the net discount rate. Significant changes to the assumptions over the next financial year could result in significant changes to the carrying value of the pension scheme liability.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

3 Analysis of turnover, operating profits and net assets

a) The turnover attributable to the Group's geographical markets is as follows:

	2022 £	2021 £
United Kingdom	28,342,473	27,352,323
Other European Countries	48,125,207	48,007,580
North America	6,926,657	6,687,363
Africa and Middle East	3,555,569	2,559,430
Rest of the World	4,953,165	6,096,056
	<u>91,903,071</u>	<u>90,702,752</u>

b) A geographical analysis of turnover, operating profit and net assets by business location is set out below:

	Turnover		Operating profit		Net assets	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
United Kingdom	36,362,877	34,668,402	(2,109,238)	(51,822)	14,582,582	13,236,199
Other Countries	55,540,194	56,034,350	4,748,231	8,367,109	20,912,591	19,492,096
	<u>91,903,071</u>	<u>90,702,752</u>	<u>2,638,993</u>	<u>8,315,287</u>	<u>35,495,173</u>	<u>32,728,295</u>
Minority interests					(3,692,881)	(3,545,377)
					<u>31,802,292</u>	<u>29,182,918</u>

c) Total operating expenses:

	2022 £	2021 £
Distribution costs	6,972,727	6,416,875
Administration expenses (including intangible assets amortisation)	21,713,359	18,221,843
	<u>28,686,086</u>	<u>24,638,718</u>

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

4 Operating profit

	2022 £	2021 £
Operating profit is after charging / (crediting):		
Depreciation of owned assets	2,273,100	2,054,318
Amortisation of goodwill	1,196,766	1,192,659
Auditors' remuneration:		
- Group - audit services	99,000	96,300
- Group - non audit services	56,250	46,023
Operating leases:		
- Plant and machinery	345,104	382,494
- Other	357,342	715,387
Exchange differences	(42,625)	(55,515)

Amounts paid to the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

No defined benefit pension costs are charged in arriving at operating profit. Pension contributions of £777,000 (2021 - £577,000) have been made in the year as detailed in note 21. There is no profit or loss charge as the scheme is closed to new members and all benefit accrual in the scheme has ceased.

During the year, the group received other operating income in respect of furlough income of £Nil (2021 - £274,033) and research and development expenditure credits of £183,862 (2021 - £132,697).

5 Information regarding Directors and employees

	2022 £	2021 £
Directors' remuneration		
Directors' emoluments	1,469,928	1,247,281
Company contribution to pension scheme	14,266	-
Amounts paid to third parties for Director services	69,400	67,000
	<u>1,553,594</u>	<u>1,314,281</u>

The amounts payable to the highest paid Director were as follows:

Emoluments	503,233	488,859
Company contribution to pension scheme	-	-
	<u>503,233</u>	<u>488,859</u>
	Number	Number
Number of Directors, who are members of the Company's defined benefit schemes	-	-

There were no other transactions with Directors during the year (2021 - none).

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

5 Information regarding Directors and employees (continued)

The average number of employees (including Directors) during the year was as follows:

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Production staff	902	927	185	189
Sales and distribution staff	117	92	10	10
Administrative staff	114	107	14	14
	<u>1,133</u>	<u>1,126</u>	<u>209</u>	<u>213</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Staff costs during the year (including Directors)				
Wages and salaries	28,046,478	29,523,235	7,181,936	6,865,185
Social security costs	4,148,374	5,077,015	618,164	598,167
Pension costs	950,111	936,058	313,674	358,535
	<u>33,144,963</u>	<u>35,536,308</u>	<u>8,113,774</u>	<u>7,821,887</u>

No defined benefit pension costs are charged to the income statement.

A defined contribution pension scheme is operated by the Group on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund. No contributions were outstanding at the year end.

6 Interest receivable and similar income

	2022 £	2021 £
Bank deposit interest	264	179
Other interest	16	28
	<u>280</u>	<u>207</u>

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

7 Interest payable and similar charges

	2022 £	2021 £
Bank loans and overdrafts	240,747	171,190
Other interest	47,130	19,121
	<u>287,877</u>	<u>190,311</u>

8 Other finance charges

	2022 £	2021 £
Net interest on net defined benefit pension liability	81,000	73,000
	<u>81,000</u>	<u>73,000</u>

9 Tax

a) Analysis of tax charge on ordinary activities:

	2022 £	2021 £
<i>Current tax</i>		
UK taxation	-	-
Foreign taxation	1,274,832	2,113,818
Adjustments in respect of prior periods	30,615	89,483
	<u>1,305,447</u>	<u>2,203,301</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	(533,449)	(478,197)
	<u>771,998</u>	<u>1,725,104</u>
Total tax charge	<u>771,998</u>	<u>1,725,104</u>

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

9 Tax (continued)

b) Factors affecting tax charge for the current year:

The tax assessed for the year is higher than (2021 – higher than) that resulting from applying the standard rate of corporation tax in the UK.

The differences are explained below:

	2022 £	2021 £
Profit before tax	2,270,396	8,052,183
Tax at 19% thereon (2021 – 19%)	431,375	1,529,915
Effects of:		
Expenses not deductible for tax purposes	96,691	148,986
Effect of overseas tax rates	334,485	530,708
Adjustments in respect of prior periods – current tax	30,615	89,483
Other differences	(121,168)	(573,988)
Tax charge for year	771,998	1,725,104

c) Factors that may affect future tax charges:

The UK corporation tax rate has increased to 25% from 1 April 2023.

10 Dividends

	2022 £	2021 £
Dividends on Ordinary shares		
First interim 2022 dividend of 12.5 pence per share (2021 - 10.0 pence per share)	612,585	490,068
Second interim 2022 dividend of 12.5 pence per share (2021 - 12.5 pence per share)	612,585	612,585
	1,225,170	1,102,653
Dividends on 'A' Preferred Ordinary Shares		
First interim 2022 dividend of 12.5 pence per share (2021 - 10.0 pence per share)	56,948	45,559
Second interim 2022 dividend of 12.5 pence per share (2021 - 12.5 pence per share)	56,948	56,948
	1,339,067	1,205,160

Dividends of £665,218 (2021 - £670,879) were paid to minority shareholders during the year.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

11 Intangible assets

Group	Brands £	Intellectual property £	Customer relationships £	Goodwill £	Software £	Total £
<i>Cost</i>						
At 1 January 2022	909,693	3,818,960	1,616,500	18,873,858	-	25,219,011
Additions	-	15,001	-	-	985,883	1,000,884
Disposals	-	(5,675)	-	-	-	(5,675)
Transfers	-	-	-	-	144,823	144,823
Differences on exchange	-	37,871	-	-	-	37,871
At 31 December 2022	909,693	3,866,157	1,616,500	18,873,858	1,130,706	26,396,914
<i>Amortisation</i>						
At 1 January 2022	909,693	2,937,186	1,616,500	17,868,940	-	23,332,319
Provision for year	-	423,892	-	766,901	5,973	1,196,766
Disposals	-	(1,040)	-	-	-	(1,040)
Transfers	-	-	-	-	141,172	141,172
Differences on exchange	-	33,052	-	-	-	33,052
At 31 December 2022	909,693	3,393,090	1,616,500	18,635,841	147,145	24,702,269
<i>Net book value</i>						
At 31 December 2022	-	473,067	-	238,017	983,561	1,694,645
At 31 December 2021	-	881,774	-	1,004,918	1,004,918	1,886,692

The Directors have assessed the carrying amount of the intangible assets and consider no impairment is required.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

11 Intangible assets *(continued)*

Company	Software £	Intellectual property £	Total £
<i>Cost</i>			
At 1 January 2022	-	1,900,750	1,900,750
Additions	751,458	-	751,458
Transfers (note 12)	50,272	-	50,272
	<hr/>	<hr/>	<hr/>
At 31 December 2022	801,730	1,900,750	2,702,480
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2022	-	1,108,771	1,108,771
Provision for year	488	380,150	380,638
Transfers (note 12)	49,784	-	49,784
	<hr/>	<hr/>	<hr/>
At 31 December 2022	50,272	1,488,921	1,539,193
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2022	751,458	411,829	1,163,287
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2021	-	791,979	791,979
	<hr/>	<hr/>	<hr/>

The Directors have assessed the carrying amount of the intangible assets and consider no impairment is required.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

12 Tangible fixed assets

Group	Freehold land and buildings £	Short leasehold £	Plant machinery office equipment and vehicles £	Dies and tools £	Total £
<i>Cost</i>					
At 1 January 2022	16,033,105	17,505	46,748,587	16,621,772	79,420,969
Additions	61,069	32,808	3,278,296	781,844	4,154,017
Disposals	-	-	(1,000,089)	(111,149)	(1,111,238)
Transfers	-	493,028	(50,274)	(605,087)	(162,333)
Difference on exchange	519,962	-	1,617,631	357,075	2,494,668
At 31 December 2022	16,614,136	543,341	50,594,151	17,044,455	84,796,083
<i>Depreciation</i>					
At 1 January 2022	8,614,327	17,505	39,849,974	15,113,937	63,595,743
Charge for the year	197,032	83,482	1,491,165	501,421	2,273,100
Disposals	-	-	(687,466)	(105,747)	(793,213)
Transfers	-	144,216	(64,782)	(238,115)	(158,681)
Difference on exchange	335,906	-	1,362,331	331,500	2,029,737
At 31 December 2022	9,147,265	245,203	41,951,222	15,602,996	66,946,686
<i>Net book value</i>					
At 31 December 2022	7,466,871	298,138	8,642,929	1,441,459	17,849,397
At 31 December 2021	7,418,778	-	6,898,613	1,507,835	15,825,226

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

12 Tangible fixed assets *(continued)*

Company	Freehold land and buildings £	Plant machinery, office equipment and vehicles £	Dies and tools £	Total £
<i>Cost</i>				
At 1 January 2022	4,096,687	11,724,370	8,023,794	23,844,851
Additions	-	190,181	237,655	427,836
Disposals	-	-	(104,125)	(104,125)
Transfers (note 11)	-	(50,272)	-	(50,272)
	<u>4,096,687</u>	<u>11,864,279</u>	<u>8,157,324</u>	<u>24,118,290</u>
<i>Depreciation</i>				
At 1 January 2022	1,839,335	10,985,517	7,636,831	20,461,683
Charge for the year	94,968	102,864	232,227	430,059
Disposals	-	-	(104,125)	(104,125)
Transfers (note 11)	-	(49,784)	-	(49,784)
	<u>1,934,303</u>	<u>11,038,597</u>	<u>7,764,933</u>	<u>20,737,833</u>
<i>Net book value</i>				
At 31 December 2022	<u>2,162,384</u>	<u>825,682</u>	<u>392,391</u>	<u>3,380,457</u>
At 31 December 2021	<u>2,257,352</u>	<u>738,853</u>	<u>386,963</u>	<u>3,383,168</u>

The Company had no assets held under finance leases or hire purchase contracts.

The Directors have assessed the carrying value of tangible fixed assets and consider no impairment is required.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

13 Fixed asset investments

Company	Shares in subsidiary undertakings £
<i>Cost</i>	
At 1 January 2022	37,141,598
Additions	-
Disposals	-
	<hr/>
At 31 December 2022	37,141,598
	<hr/>
<i>Provision</i>	
At 1 January 2022 and 31 December 2022	3,588,782
	<hr/>
<i>Net book value</i>	
At 31 December 2022	33,552,816
	<hr/>
At 31 December 2021	33,552,816
	<hr/>

The Directors have considered the carrying value of fixed asset investments and consider no impairment is required.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

13 Fixed asset investments (continued)

Related undertakings

The related undertakings are set out below:

Related undertaking	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business (if different)
Euro Locks SA NV	Belgium	76.7%	(1)
Euro-Locks SA	France	76.7% (*)	(1)
Euro-Locks GmbH	Germany	76.7% (*)	(1)
Lowe & Fletcher Inc	USA	0%	(1)
Fire Curtains Inc	USA	100%	(6)
Euro-Locks SP Zoo	Poland	100%	(1)
BLE Smoke and Fire Curtains Limited	UK	100%	(2)
Lowe and Fletcher Metal Finishing Limited	UK	100%	(3)
A Cooper Group Limited	UK	100%	(4)
Coopers Fire Limited	UK	100% (*)	(2)
A Cooper Properties Limited	UK	100% (*)	Dormant
Coopers Drives & Controls Limited	UK	100% (*)	Dormant
Coopers Weaving Limited	UK	50% (*)	(5)
BLE (Holdings) Limited	UK	100%	Dormant
JHS (UK) Limited	UK	100% (*)	Dormant
Electrolok Company (Security) Limited	UK	100% (*)	Dormant
Lowe & Fletcher International Limited	UK	100%	Dormant
Sandycott Limited	UK	100% (*)	Dormant
Simpkin Machin & Company Limited	UK	100% (*)	Dormant
Bradley Lomas Electrolok Limited	UK	100%	Dormant
(*) indirectly owned			

Lowe & Fletcher Inc is owned by the ultimate shareholders of Lowe and Fletcher Limited but is controlled by Lowe and Fletcher Limited and therefore included in the consolidated results of the Group.

- (1) Manufacture and sale of locking devices
- (2) Manufacture and sale of fire and smoke containment products
- (3) Electro platers, polishers and metal finishers
- (4) Holding Company
- (5) Manufacture and research and development into textiles products
- (6) Holds intellectual property

Coopers Weaving Limited, a Company incorporated in England & Wales, is not consolidated as it is immaterial to the Group.

The registered addresses for the above related undertakings are:

- Westwood Granary, Oldbury, Bridgnorth, Shropshire, WV16 5LP - for Lowe and Fletcher Metal Finishing Limited, Lowe & Fletcher International Limited and Bradley Lomas Electrolok Limited.
- Velum House, Innovation Way, Woodhouse Mill, Sheffield, S13 9AD - for BLE Smoke and Fire Curtains Limited, BLE (Holdings) Limited, JHS (UK) Limited, Electrolok Company (Security) Limited, Sandycott Limited and Simpkin Machin & Company Limited.
- Ignis House, Houghton Avenue, Waterlooville, Hampshire, PO7 3DU - for A Cooper Group Limited, Coopers Fire Limited, A Cooper Properties Limited and Coopers Drives & Controls Limited.

Lowe and Fletcher Limited has agreed to guarantee the liabilities of its subsidiary's A Cooper Group Limited (registered number 02293534), BLE Smoke and Fire Curtains Limited (registered number 05298742) and Lowe and Fletcher Metal Finishing Limited (registered number 01176463), thereby allowing them to take exemption from audit under Section 479A of the Companies Act 2006.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

14 Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Raw materials and consumables	5,613,245	5,266,670	119,946	317,706
Work in progress	8,660,370	8,190,627	2,992,998	3,000,245
Finished goods and goods for resale	1,960,072	1,390,804	159,324	7,717
	<u>16,233,687</u>	<u>14,848,101</u>	<u>3,272,268</u>	<u>3,325,668</u>

There are no material differences between the replacement cost of stocks and the amounts stated above.

15 Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts due within one year:				
Trade debtors	14,519,863	13,526,708	1,908,548	2,043,017
Amounts owed by Group undertakings	-	-	5,681,029	5,911,380
Other debtors and prepayments	2,060,376	2,030,659	268,091	255,754
Corporation tax	249,865	-	-	-
Group relief	-	-	610,856	610,856
	<u>16,830,104</u>	<u>15,557,367</u>	<u>8,468,524</u>	<u>8,821,007</u>
Amounts due after more than one year:				
Deferred tax (note 20)	1,242,286	1,480,837	1,037,881	1,383,768

The amounts owed by Group undertakings are unsecured and interest free. Although the balances have no fixed repayment terms, it is not expected that full repayment will be made within the next 12 months.

The Directors consider the amounts owed by Group undertakings to be fully recoverable and no provision is required. Note 2 contains other information in respect of this balance.

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

15a Current asset investments

All current asset investments, being shares, are held at market value. At 31 December 2022, the Group and Company had current asset investments of £691,872 (2021 - £764,467).

16 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts (secured; note 18)	4,143,033	905,111	723,226	-
Bank loans (secured; note 18)	3,136,337	2,072,815	1,312,295	1,546,738
Trade creditors	6,264,259	7,411,235	1,124,097	2,017,971
Amounts owed to Group undertakings	-	-	5,483,331	7,104,142
Corporation tax	-	299,853	-	-
Other taxation and social security	1,588,760	1,538,341	322,619	217,978
Other creditors	2,774,175	2,705,813	26,747	399,413
Accruals and deferred income	2,188,498	1,791,072	745,642	206,497
Finance lease obligations	16,601	-	-	-
	<u>20,111,663</u>	<u>16,724,240</u>	<u>9,737,957</u>	<u>11,492,739</u>

The amounts owed to Group undertakings are unsecured and interest free. Although the balances have no fixed repayment terms, it is not expected that repayment will be required within the next 12 months.

Obligations under finance leases are secured against the assets to which they relate.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

17 Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (secured; note 18)	1,579,482	3,378,945	515,369	1,778,542
Amounts owed to Group undertakings	-	-	1,064,113	-
Other creditors	846,851	668,738	400,000	165,000
Finance lease obligations	74,637	-	-	-
	<u>2,500,970</u>	<u>4,047,683</u>	<u>1,979,482</u>	<u>1,943,542</u>

18 Borrowings

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Analysis of repayment borrowings				
Bank loans and overdrafts:				
In one year or less or on demand	7,279,370	2,977,926	2,035,521	1,546,738
In more than one year but not more than two years	944,351	1,816,540	412,295	1,290,463
In more than two years but not more than five years	635,131	1,562,405	103,074	488,079
After more than five years	-	-	-	-
	<u>8,858,852</u>	<u>6,356,871</u>	<u>2,550,890</u>	<u>3,325,280</u>
Due within one year	7,279,370	2,977,926	2,035,521	1,546,738
Due after more than one year	1,579,482	3,378,945	515,369	1,778,542
	<u>8,858,852</u>	<u>6,356,871</u>	<u>2,550,890</u>	<u>3,325,280</u>

The bank overdrafts are secured by a floating charge on the assets of the Group and Company.

The bank loans are secured by fixed charges over the Group's UK properties and floating charges over the Group's assets. Bank borrowings bear interest based on UK LIBOR or similar.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

19 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 2022 £	Group 2021 £
Financial assets		
Financial assets measured at amortised cost	<u>21,264,054</u>	<u>23,596,895</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>21,023,873</u>	<u>18,933,729</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, finance lease obligations, other creditors and accruals.

The Group has financial assets, being current asset investments, held at fair value of £691,872 (2021 - £764,467).

The Company's financial instruments may be analysed as follows:

	Company 2022 £	Company 2021 £
Financial assets		
Financial assets measured at amortised cost	<u>9,923,757</u>	<u>13,600,566</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>11,394,820</u>	<u>13,218,303</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, amounts owed by Group undertakings and Group relief.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, amounts owed to Group undertakings and accruals.

The Company has financial assets, being current asset investments, held at fair value of £691,872 (2021 - £764,467).

Information regarding the Group's exposure to and management of cash flow risk, credit risk, liquidity risk and price risk is included in the strategic report.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

20 Deferred tax asset

	Group £	Company £
Deferred taxation		
At 1 January 2022	(1,480,837)	(1,383,768)
Charged to profit and loss in the year	(533,449)	(426,113)
Charged to statement of changes in equity	772,000	772,000
	<hr/>	<hr/>
At 31 December 2022	(1,242,286)	(1,037,881)
	<hr/>	<hr/>

The amount of deferred taxation provided in the accounts are:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Capital allowances in excess of depreciation	(82,164)	11,296	78,148	16,735
Short term timing differences	(94,614)	(143,255)	(50,521)	(51,625)
Tax losses	(786,008)	(123,378)	(786,008)	(123,378)
	<hr/>	<hr/>	<hr/>	<hr/>
	(962,786)	(255,337)	(758,381)	(158,268)
	<hr/>	<hr/>	<hr/>	<hr/>
Pension liability	(279,500)	(1,225,500)	(279,500)	(1,225,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	(1,242,286)	(1,480,837)	(1,037,881)	(1,383,768)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Unrecognised deferred tax balances</i>			2022 £	2021 £
Capital allowances in excess of depreciation			-	-
Tax losses			(456,731)	(456,146)
			<hr/>	<hr/>
			(456,731)	(456,146)
			<hr/>	<hr/>

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

21 Pension schemes

Lowe & Fletcher Limited Senior Executive Retirement Benefits Scheme

The Company sponsors the Lowe & Fletcher Limited Senior Executive Retirement Benefits Scheme, which is a defined benefit scheme for all qualified employees. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to triennial valuations by independent actuaries, the last full actuarial valuation of the scheme was carried out by a qualified independent actuary as at 5 April 2017 and they have been updated on an approximate basis to 31 December 2022.

On 1 October 2005 the Lowe & Fletcher Limited Senior Personnel Retirement Benefits Scheme merged with the Lowe & Fletcher Limited Senior Executive Retirement Benefits Scheme. On 31 March 2006, the Lowe & Fletcher Limited Senior Executive Retirement Benefits Scheme was closed to new members and all benefit accrual in the Scheme ceased.

	2022 £	2021 £
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(19,574,000)	(20,858,000)
Interest cost	(343,000)	(224,000)
Actuarial gains	4,861,000	550,000
Benefits paid	1,003,000	958,000
Past service costs and curtailments	-	-
	<hr/>	<hr/>
At the end of the year	(14,053,000)	(19,574,000)
	<hr/>	<hr/>
	2022 £	2021 £
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	(14,053,000)	(19,574,000)
	<hr/>	<hr/>

Lowe and Fletcher Limited

Notes forming part of the financial statements for the year ended 31 December 2022 (*continued*)

21 Pension schemes (*continued*)

	2022 £	2021 £
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	14,672,000	13,875,000
Expected rate of return on plan assets	262,000	151,000
Actuarial (losses) / gains	(1,773,000)	1,027,000
Contributions by Company	777,000	577,000
Benefits paid	(1,003,000)	(958,000)
	<hr/>	<hr/>
At the end of the year	12,935,000	14,672,000
	<hr/>	<hr/>
	2022 £	2021 £
<i>Reconciliation to balance sheet</i>		
Present value of funded obligations	(14,053,000)	(19,574,000)
Fair value of plan assets	12,935,000	14,672,000
	<hr/>	<hr/>
Plan deficit	(1,118,000)	(4,902,000)
Related deferred tax asset (note 20)	279,500	1,225,500
	<hr/>	<hr/>
Net liability	(838,500)	(3,676,500)
	<hr/>	<hr/>
	2022 £	2021 £
<i>The amounts recognised in profit and loss are as follows:</i>		
<i>Included in other finance charges:</i>		
Net interest cost	81,000	73,000
Past service costs and curtailments	-	-
	<hr/>	<hr/>
	81,000	73,000
	<hr/>	<hr/>

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

21 Pension schemes (continued)

	2022 £	2021 £
<i>Analysis of amount recognised in other comprehensive income</i>		
Actual return less expected return on pension plan assets	(1,773,000)	1,027,000
Experience gains and losses arising on the scheme liabilities	4,861,000	550,000
	<u>3,088,000</u>	<u>1,577,000</u>
Actuarial gains recognised in the other comprehensive income	3,088,000	1,577,000
	<u>2022 £</u>	<u>2021 £</u>
<i>Composition of plan assets</i>		
Equities	6,924,000	9,075,000
Gilts and bonds	5,637,000	5,391,000
Cash	374,000	206,000
	<u>12,935,000</u>	<u>14,672,000</u>
Total plan assets	12,935,000	14,672,000

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

	2022 £	2021 £
Actual return on plan assets	(1,511,000)	1,178,000

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

21 Pension schemes *(continued)*

	2022 %	2021 %
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	4.65	1.80
Expected rates of return on plan assets	4.65	1.80
Future pension increases	3.35	3.65
Inflation assumption	3.35	3.65

	2022 £	2021 £	2020 £	2019 £	2018 £
<i>Five year history</i>					
Present value of the plan liabilities	(14,053,000)	(19,574,000)	(20,858,000)	(19,466,000)	(17,455,000)
Fair value of the plan assets	12,935,000	14,672,000	13,875,000	13,619,000	12,428,000
Related deferred tax asset	279,500	1,225,500	1,326,770	993,990	854,590
Deficit on pension plan	(838,500)	(3,676,500)	(5,656,230)	(4,853,010)	(4,172,410)
Experience adjustments arising on:					
Plan liabilities	-	-	-	-	-
Plan assets	(1,773,000)	1,027,000	333,000	1,176,000	(768,000)

The Company's best estimate of the contributions expected to be paid in the year beginning on the 1 January 2023 is £608k.

NV Euro-Locks SA Pension Scheme

NV Euro-Locks SA provides certain of its employees with pension arrangements under a hybrid defined benefit/contribution scheme. The scheme was closed to new members in 2004 but benefits still accrue to the members of the scheme based on years of service. Actuarial assessments of each individual accrued benefit is calculated annually with any contribution adjustment to that estimate being such that the value of funds (held in an independently run fixed investment fund) matches the liabilities to pay pensions. Therefore the scheme is accounted for as a defined contribution scheme and the cash at bank assets of the fund and the pension liabilities to members are not recorded within the company or group financial statements.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

22 Called up share capital

	2022 £	2021 £
Allotted and fully paid		
455,588 'A' Preferred Ordinary shares of £1 each	455,588	455,588
4,900,680 Ordinary shares of £1 each	4,900,680	4,900,680
	<u>5,356,268</u>	<u>5,356,268</u>

The 'A' Preferred Ordinary shares are non-voting and convertible on a one to one basis into Ordinary shares upon notice from the holder. The resultant Ordinary shares shall for the purposes of dividend and voting rank pari passu with the Ordinary shares.

23 Commitments under operating leases

The Group had minimum lease payments under non-cancellable operating leases as set out below:

	2022 £	2021 £
Not later than 1 year	719,496	626,603
Later than 1 year and not later than 5 years	1,723,052	2,168,990
Later than 5 years	3,619,200	2,953,600
	<u>6,061,748</u>	<u>5,749,193</u>
Total	<u>6,061,748</u>	<u>5,749,193</u>

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2022 £	2021 £
Not later than 1 year	45,067	68,059
Later than 1 year and not later than 5 years	20,009	64,288
Later than 5 years	-	-
	<u>65,076</u>	<u>132,347</u>
Total	<u>65,076</u>	<u>132,347</u>

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (*continued*)

24 Related party disclosures

Controlling parties

It is considered that the Company is controlled by Mr HP Trevor-Jones through his direct and indirect ownership of shares in the Company combined with his role as President of the Group.

The Company has taken advantage of the exemption not to disclose transactions with its wholly owned subsidiaries.

Related party transactions and balances

Transactions between the Company and non-wholly owned subsidiaries of the Lowe and Fletcher Group during the year were as follows:

	N V Euro-Locks SA	
	2022	2021
	£	£
Sales	2,907,284	3,179,754
Purchases	790,126	879,015
Amount due from Group undertakings	394,478	488,457
	Lowe & Fletcher Inc	
	2022	2021
	£	£
Sales	423,773	1,500,071
Purchases	-	7,124
Amount due from related undertaking	48,507	337,462

Key management personnel

Key management personnel include all Directors of the Company. The total compensation paid to Directors is disclosed in note 5. The Directors do not consider any other personnel to be classed as key management. The Directors have authority and responsibility for planning, directing and controlling the activities of the Group.

Lowe and Fletcher Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

25 Net debt reconciliation

	1 January 2022 £	Cash flows £	Other non- cash charges £	31 December 2022 £
Cash at bank and in hand	8,039,528	(3,499,669)	143,956	4,683,815
Bank overdrafts	(905,111)	(3,237,922)	-	(4,143,033)
Bank loans	(5,451,760)	735,941	-	(4,715,819)
Finance lease obligations	-	(91,238)	-	(91,238)
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	1,682,657	(6,092,888)	143,956	(4,266,275)
	<hr/>	<hr/>	<hr/>	<hr/>

Other non-cash charges relate to foreign exchange.

26 Post balance sheet events

Post year end, a new £4m term loan, repayable over 5 years, has been obtained in the UK. There have been no other significant events affecting the Group or Company since the year end.