

# Clansman Dynamics Limited

Annual Report and Financial Statements  
for the Year Ended 31 March 2022

Alexander Marshall  
Chartered Accountants & Registered Auditors  
84 Hamilton Road  
Motherwell  
Lanarkshire  
ML1 3BY

# Clansman Dynamics Limited

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# Clansman Dynamics Limited

## Company Information

**Chairman** Mr A J Goodbrand

**Directors** Mr S J Boyd  
Mr D J Muir  
Mr A Allan  
Mr S Wilson  
Mr W Barrett

**Company secretary** Mr S Wilson

**Registered office** Stephenson Building  
Nasmyth Ave  
East Kilbride  
Glasgow  
G75 0QR

**Auditors** Alexander Marshall  
Chartered Accountants & Registered Auditors  
84 Hamilton Road  
Motherwell  
Lanarkshire  
ML1 3BY

# Clansman Dynamics Limited

## Strategic Report for the Year Ended 31 March 2022

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

### Principal activity

The principal activity of the company is the design and manufacture of handling equipment for the global market in the forge and foundry industries and the provision of a full service.

### Fair review of the business

The company has achieved strong growth in sales and profits in the year, despite some difficulties. As the world started to emerge from restrictions due to Covid, we were able to start working in a more normal way. Supply chains had been disrupted long before the Ukraine situation and have been worsened by this more recent issue. The availability of critical parts and materials is impacted and costs have increased. In addition, there are still negative pressures due to Brexit. It is more difficult to import and export to and from the EU than before leaving the European Union, with delays and additional costs being the outcome. Despite these difficulties, we have maintained good margins and have seen strong market demand for our products. We believe, as before, that these effects are all manageable and that some of the additional costs will be able to be passed onto customers.

A solid order book at the start of the year and some very strong buying in the year demonstrated that the market had recovered and the challenge to supply this demand was well met, resulting in strongly increased sales over last year.

Our staff responded well. We continued to exercise caution and safe working measures as Covid remained a threat, but as the year progressed, travel restrictions were eased making it easier to visit customers, which is a vital part of our overall service provision to the market.

We have been able to protect cash by maintaining good management of customer payments and have therefore ended with a strong cash position.

Looking forward, the headwinds of supply chain availability and increased costs will undoubtedly place negative pressure on future results, but we expect strong demand from all areas of the global market to continue. Overall, the future success of the business, while impacted by these factors, will remain positive as we go forward.

Taking all of the above into account, the level of Sales and Profit is considered to be an excellent result for what has been another challenging year. This could not have been achieved without the continued commitment and hard work of all employees in the business and this should be noted.

### Principal risks and uncertainties

As mentioned above, future risks relating to supply chain have been factored into budgets and plans going forward, as have the effects of foreign exchange rate differences which we take particular notice of as so much of our sales are conducted in non sterling currencies.

# **Clansman Dynamics Limited**

## **Strategic Report for the Year Ended 31 March 2022**

### **Future developments**

We have completed the supply and commissioning of a newly developed fast forging robot and the work to prove out the benefits of this in an integrated factory environment has now been passed to the user. We expect this development to lead to further penetration into new markets in the future. Additionally, an opportunity in the grinding sector is being explored and the development of a new machine to address this is well underway and is expected to be completed in 2023.

Approved by the Board on 22 June 2022 and signed on its behalf by:

Mr A. J. Goodbrand  
Chairman

# Clansman Dynamics Limited

## Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

### **Director of the company**

The directors who held office during the year were as follows:

Mr A J Goodbrand - Chairman

Mr S J Boyd

Mrs H M Simpson - Company secretary and director (resignation 28 July 2021)

Mr D J Muir

Mr A Allan

Mr A M MacDonald (resignation 22 October 2021)

Mr S Wilson - Company secretary and director (appointed 28 July 2021)

Mr W Barrett (appointed 15 December 2021)

### **Financial instruments**

#### *Objectives and policies*

The company holds or issues financial instruments in order to achieve three main objectives being;

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

# Clansman Dynamics Limited

## Directors' Report for the Year Ended 31 March 2022

### *Price risk, credit risk, liquidity risk and cash flow risk*

#### Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

#### Liquidity risk

The company monitors liquidity risk through the execution of tight credit control procedures and continued monitoring of cash flows.

#### Currency risk

The company presents its financial statements in Sterling and conducts business in Sterling, US Dollars and Euros. As a result it is subject to foreign currency exchange risk due to exchange rate movements which will affect the transaction costs of the company and the translation of foreign currency assets and liabilities at the year end.

In an effort to reduce their risk to foreign currency exposure whenever it is considered appropriate the company enters into agreements with its bankers to sell set amounts of Euros and Dollars at predetermined rates.

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### **Reappointment of auditors**

The auditors Alexander Marshall are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22 June 2022 and signed on its behalf by:

Mr A J Goodbrand  
Chairman

# **Clansman Dynamics Limited**

## **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and 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.

# Clansman Dynamics Limited

## Independent Auditor's Report to the Members of Clansman Dynamics Limited

### Opinion

We have audited the financial statements of Clansman Dynamics Limited (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Clansman Dynamics Limited

## Independent Auditor's Report to the Members of Clansman Dynamics Limited

### Opinion on other matter prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor 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.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

# Clansman Dynamics Limited

## Independent Auditor's Report to the Members of Clansman Dynamics Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion

- Review the minutes of meetings of those charged with governance.
- Enquire of management and those charged with governance of actual or potential litigation and claims.
- Test journal entries and other adjustments for appropriateness.
- Review financial statement disclosures and test to supporting documentation for compliance with laws and regulations.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr David Marshall (Senior Statutory Auditor)

For and on behalf of Alexander Marshall, Statutory Auditor

84 Hamilton Road

Motherwell

Lanarkshire

ML1 3BY

22 June 2022

## Clansman Dynamics Limited

### Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	12,137,931	9,298,998
Cost of sales		<u>(9,513,885)</u>	<u>(7,950,005)</u>
Gross profit		2,624,046	1,348,993
Administrative expenses		(1,896,109)	(1,302,115)
Other operating income	<u>4</u>	<u>75,631</u>	<u>444,428</u>
Operating profit	<u>6</u>	<u>803,568</u>	<u>491,306</u>
Gain on financial assets at fair value through profit and loss account		231,429	144,902
Other interest receivable and similar income	<u>8</u>	37	260
Interest payable and similar charges	<u>9</u>	<u>(35,973)</u>	<u>(7,914)</u>
		<u>195,493</u>	<u>137,248</u>
Profit before tax		999,061	628,554
Taxation	<u>13</u>	<u>(126,024)</u>	<u>18,087</u>
Profit for the financial year		<u>873,037</u>	<u>646,641</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**Clansman Dynamics Limited**  
**(Registration number: SC147048)**  
**Balance Sheet as at 31 March 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	<u>14</u>	729,551	586,737
Other financial assets	<u>15</u>	1,893,348	1,661,919
		<u>2,622,899</u>	<u>2,248,656</u>
<b>Current assets</b>			
Stocks	<u>16</u>	2,560,827	2,676,984
Debtors	<u>17</u>	1,856,743	2,421,033
Cash at bank and in hand		5,284,898	3,780,837
		9,702,468	8,878,854
<b>Creditors: Amounts falling due within one year</b>	<u>19</u>	<u>(4,486,306)</u>	<u>(4,150,606)</u>
<b>Net current assets</b>		<u>5,216,162</u>	<u>4,728,248</u>
<b>Total assets less current liabilities</b>		7,839,061	6,976,904
<b>Creditors: Amounts falling due after more than one year</b>	<u>19</u>	(7,450)	-
<b>Provisions for liabilities</b>	<u>20</u>	<u>(279,062)</u>	<u>(244,550)</u>
<b>Net assets</b>		<u>7,552,549</u>	<u>6,732,354</u>
<b>Capital and reserves</b>			
Called up share capital		93,768	93,768
Share premium reserve		89,919	89,919
Capital redemption reserve		128,300	128,300
ESOP reserve		(1,998,907)	(2,139,635)
Profit and loss account		9,239,469	8,560,002
Shareholders' funds		<u>7,552,549</u>	<u>6,732,354</u>

Approved and authorised by the Board on 22 June 2022 and signed on its behalf by:

Mr S Wilson

Company secretary and director

## Clansman Dynamics Limited

### Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £	Share premium £	Capital redemption reserve £	ESOP reserve £	Profit and loss account £	Total £
At 1 April 2021	93,768	89,919	128,300	(2,139,635)	8,560,002	6,732,354
Profit for the year	-	-	-	-	873,037	873,037
Total comprehensive income	-	-	-	-	873,037	873,037
Dividends	-	-	-	-	(179,638)	(179,638)
Reserves transfer	-	-	-	13,932	(13,932)	-
Movement on consolidation	-	-	-	95,065	-	95,065
Share based payment transactions	-	-	-	31,731	-	31,731
At 31 March 2022	93,768	89,919	128,300	(1,998,907)	9,239,469	7,552,549
	Share capital £	Share premium £	Capital redemption reserve £	ESOP reserve £	Profit and loss account £	Total £
At 1 April 2020	93,768	89,919	128,300	(2,199,021)	8,017,090	6,130,056
Profit for the year	-	-	-	-	646,641	646,641
Total comprehensive income	-	-	-	-	646,641	646,641
Dividends	-	-	-	-	(103,729)	(103,729)
Movement on consolidation	-	-	-	24,010	-	24,010
Share based payment transactions	-	-	-	35,376	-	35,376
At 31 March 2021	93,768	89,919	128,300	(2,139,635)	8,560,002	6,732,354

## Clansman Dynamics Limited

### Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the year		873,037	646,641
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	86,058	60,500
Financial instrument net gains (losses) through profit and loss		(231,429)	(144,902)
Loss on disposal of tangible assets	<u>5</u>	-	2,540
Finance income	<u>8</u>	(37)	(260)
Share based payment transactions		31,731	35,377
Income tax expense	<u>13</u>	126,024	(18,087)
		885,384	581,809
Working capital adjustments			
Decrease in stocks	<u>16</u>	116,157	219,197
Decrease/(increase) in trade debtors	<u>17</u>	564,290	(61,164)
Increase/(decrease) in trade creditors	<u>19</u>	455,650	(113,525)
Increase in provisions	<u>20</u>	1,803	36,951
Decrease in deferred income, including government grants		(249,479)	(835,782)
		1,773,805	(172,514)
Cash generated from operations			
Income taxes received	<u>13</u>	43,664	42,464
		1,817,469	(130,050)
Net cash flow from operating activities			
<b>Cash flows from investing activities</b>			
Interest received	<u>8</u>	37	260
Acquisitions of tangible assets		(228,873)	(55,531)
		(228,836)	(55,271)
Net cash flows from investing activities			
<b>Cash flows from financing activities</b>			
ESOP consolidation		95,066	24,009
Dividends paid	<u>25</u>	(179,638)	(103,729)
		(84,572)	(79,720)
Net cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		1,504,061	(265,041)
Cash and cash equivalents at 1 April		3,780,837	4,045,878
Cash and cash equivalents at 31 March		5,284,898	3,780,837

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 1 General information

The company is a private company limited by share capital, incorporated in Scotland, United Kingdom.

The address of its registered office is:

Stephenson Building  
Nasmyth Ave  
East Kilbride  
Glasgow  
G75 0QR

These financial statements were authorised for issue by the Board on 22 June 2022.

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in Sterling, which is the company's functional currency. All financial information is presented in Sterling and has been rounded to the nearest pound.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the company's activities.

#### Government grants

Grants relating to revenue are recognised in profit and loss on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Grants that are received in respect of expenses or losses already incurred by the entity are recognised in profit and loss in the period when the grant becomes receivable.

Capital-based grants are recognised in profit and loss on a systematic basis over the useful economic life of the asset (usually to match the associated depreciation charge).

Grants relating to an asset which are deferred are recognised as a liability (deferred income) and are not deducted from the carrying value of an asset.

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Other grants

Grants received in respect of revenue expenditure or assets which cannot be specifically identified are credited to revenue in period to which the expenditure relates.

### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates, Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### Tax

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

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 operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	1% straight line
Factory equipment	20% straight line
Office equipment	20/25% straight line

### Investments

Fixed and current asset investments are stated at fair value with any loss or profit on revaluation being recognised in the profit and loss account in the period.

The financial asset at fair value is a managed investment in shares and equities on recognised stock exchanges and the fair value is determined by the investment managers based on the values of the shares and equities on the stock exchanges at a given date.

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

Work in progress is valued on the basis of the stage of completion less amounts invoiced to date. Provision is made for foreseeable losses where appropriate.

### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### Provisions

The Company provides warranties in respect of the failure of components other than through wear and tear for a thirty month period. Provision is made for potential warranty claims based on an estimate of the average cost of a claim and the probability of claims being made based on the Company's experience over the last 30 months.

### Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### Share based payments

The company operates an equity-settled, share-based incentive plan, under which the entity receives services from employees as consideration for equity instruments of the entity held in trust for the employees in the share incentive plan trust. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the basis set out in the Articles of Association. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

### Financial instruments

#### *Classification*

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

### Employee share ownership plan (ESOP) trust

Consideration paid or received for the purchase or sale of the company's own shares in an ESOP trust are shown as a separate amount within shareholders' funds. Assets and liabilities of the ESOP trust are reported as those of the sponsoring company. Shares are awarded to employees through a share incentive plan which holds the shares awarded in trust for the beneficiaries until the vesting conditions have been met.

The costs of operating the ESOP trust are included in the profit and loss account of the sponsoring company.

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	12,137,931	9,298,998

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£	£
UK	75,438	783,351
Sale of goods, Europe	4,667,560	1,422,090
Sale of goods, North America	1,969,055	3,720,652
Sale of goods, Central and South America	374,842	486,464
Sale of goods, Asia	4,943,695	1,988,784
Sale of goods, Africa	90,948	69,161
Sale of goods, Oceania	16,393	828,496
	12,137,931	9,298,998

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Grants	70,850	443,599
Miscellaneous other operating income	4,781	829
	75,631	444,428

### 5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2022	2021
	£	£
Loss on disposal of property, plant and equipment	-	(2,540)

### 6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	86,058	60,500
Loss on disposal of property, plant and equipment	-	2,540

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 7 Government grants

The company received grants from Scottish Enterprise to assist in the purchase of fixed assets and for research and development projects to develop new products.

In the previous year, the company received grants from the Government to support employment during the Coronavirus pandemic.

The amount of grants recognised in the financial statements was £70,850 (2021 - £443,599).

There are no unfulfilled conditions for the grants recognised in income.

#### 8 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	37	260

#### 9 Interest payable and similar expenses

	2022	2021
	£	£
Foreign exchange losses	(35,973)	(7,914)

#### 10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,054,165	2,782,600
Social security costs	282,551	303,609
Pension costs, defined contribution scheme	102,952	45,887
Share-based payment expenses	31,731	35,377
Other employee expense	63,618	40,031
	<u>3,535,017</u>	<u>3,207,504</u>

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Direct Production	41	39
Administration and support	9	9
Sales	2	3
Technical	10	10
	62	61
	62	61

#### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	646,681	482,436
Contributions paid to money purchase schemes	59,696	5,989
	706,377	488,425
	706,377	488,425

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	7	6
	7	6

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	105,967	110,312
Company contributions to money purchase pension schemes	54,412	1,313
	160,379	111,625
	160,379	111,625

#### 12 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	14,133	13,500
<b>Other fees to auditors</b>		
All other non-audit services	7,226	6,145
	21,359	19,645
	21,359	19,645

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 13 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	137,029	49
UK corporation tax adjustment to prior periods	(43,714)	(42,634)
	93,315	(42,585)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	32,709	24,498
	126,024	(18,087)
Tax expense/(receipt) in the income statement	126,024	(18,087)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	999,061	628,554
Corporation tax at standard rate	189,822	119,425
Effect of expense not deductible in determining taxable profit (tax loss)	1,527	1,101
Effect of tax losses	(21,611)	-
Decrease in UK and foreign current tax from unrecognised tax loss or credit	-	(95,979)
Decrease in UK and foreign current tax from adjustment for prior periods	(50)	-
Tax decrease from effect of adjustment in research and development tax credit	(43,664)	(42,634)
Total tax charge/(credit)	126,024	(18,087)

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 14 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other tangible assets £	Total £
<b>Cost or valuation</b>				
At 1 April 2021	567,364	141,646	366,830	1,075,840
Additions	-	-	228,873	228,873
At 31 March 2022	567,364	141,646	595,703	1,304,713
<b>Depreciation</b>				
At 1 April 2021	138,479	141,352	209,272	489,103
Charge for the year	5,674	294	80,091	86,059
At 31 March 2022	144,153	141,646	289,363	575,162
<b>Carrying amount</b>				
At 31 March 2022	423,211	-	306,340	729,551
At 31 March 2021	428,885	294	157,558	586,737

Included within the net book value of land and buildings above is £423,211 (2021 - £428,885) in respect of long leasehold land and buildings.

#### 15 Other financial assets (current and non-current)

	Financial assets at fair value £	Total £
<b>Non-current financial assets</b>		
<b>Cost or valuation</b>		
At 1 April 2021	1,661,919	1,661,919
Revaluations	231,429	231,429
At 31 March 2022	1,893,348	1,893,348
<b>Impairment</b>		
<b>Carrying amount</b>		
At 31 March 2022	1,893,348	1,893,348

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 16 Stocks

	2022	2021
	£	£
Work in progress	596,449	791,383
Other inventories	1,964,378	1,885,601
	<u>2,560,827</u>	<u>2,676,984</u>

#### Impairment of stocks

The amount of impairment loss included in profit or loss is £62,022 (2021 - £Nil). Stock was reviewed and slow moving and obsolete stock was identified and impaired.

#### 17 Debtors

	2022	2021
	£	£
Trade debtors	1,060,050	1,654,968
Other debtors	131,521	76,022
Prepayments	176,857	62,702
Accrued income	488,315	627,341
	<u>1,856,743</u>	<u>2,421,033</u>

#### Details of non-current trade and other debtors

£Nil (2021 -£Nil) of other debtors is classified as non current.

#### 18 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	1,943	1,014
Cash at bank	4,880,995	3,377,899
Short-term deposits	401,960	401,924
	<u>5,284,898</u>	<u>3,780,837</u>

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 19 Creditors

	Note	2022 £	2021 £
<b>Due within one year</b>			
Trade creditors		819,660	643,897
Social security and other taxes		66,455	-
Other payables		1,381	52,248
Accruals		1,419,227	1,154,928
Income tax liability	<u>13</u>	137,028	49
Deferred income		2,042,555	2,299,484
		4,486,306	4,150,606
<b>Due after one year</b>			
Deferred income		7,450	-

#### 20 Provisions for liabilities

	Deferred tax £	Warranty provision £	Total £
At 1 April 2021	24,498	220,052	244,550
Increase (decrease) in existing provisions	32,709	1,803	34,512
At 31 March 2022	57,207	221,855	279,062

The company provides a warranty on machines sold for thirty months in respect of failure of components other than through wear and tear. The directors do not expect claims to arise from all machines sold but have made a provision for possible claims, based on their experience to date of £221,855 at 31 March 2022 (2021 - £220,052). Where new products are developed or there are known issues with new products, additional provision may be required.

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £102,951 (2021 - £45,888). Contributions totalling £0 (2021 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

## Clansman Dynamics Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 22 Share capital

##### Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	22,068	22,068	22,068	22,068
Ordinary shares of £0.05 each	1,433,997	71,700	1,433,997	71,700
A Ordinary shares of £0.05 each	3	-	3	-
Ordinary Foundation share of £0.05 each	1	-	1	-
	1,456,069	93,768	1,456,069	93,768
	1,456,069	93,768	1,456,069	93,768

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All classes of share rank pari passu in all respects except for the following:

no dividend will be paid on any partly paid share, A share or Foundation share

on a return of assets no assets shall be distributed in respect of any partly paid ordinary shares

the Foundation share and A shares in issue carry no voting rights

#### 23 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments in respect of the long term ground lease of the building is as follows:

	2022	2021
	£	£
Not later than one year	8,000	8,000
Later than one year and not later than five years	32,000	32,000
Later than five years	824,000	832,000
	864,000	872,000

The amount of non-cancellable operating lease payments recognised as an expense during the year was £8,000 (2021 - £8,000).

# Clansman Dynamics Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 24 Share based payments

The company operates a share incentive scheme for the benefit of all employees.

The scheme can make awards in each profitable year, subject to the achievement of targets and criteria. Shares can be awarded as free issue and also as matching shares where partnership shares are purchased and employees can re-invest dividends within the scheme. The holding period for the shares awarded to employees is three years and all free shares awarded within three years of termination of employment must be forfeit in certain circumstances. During the year the share incentive plan made awards of partnership, matching and dividend shares. The price at which the shares are awarded is calculated based on the share valuation at the time of the award calculated in accordance with the Articles of Association.

The value of goods/services received is based on the price at the date of award and the amount charged through the profit and loss account is spread equally across the holding period.

The amount charged in the profit and loss account for share based payments is £31,731 (2021 - £36,376). There is no liability outstanding at the year end.

### 25 Dividends

	2022	2021
	£	£
Final dividend of £0.6608 (2021 - £0.4296) per ordinary share	179,638	103,729

### 26 Commitments

#### Capital commitments

Grinding project in progress

The total amount contracted for but not provided in the financial statements was £140,000 (2021 - £Nil).

### 27 Financial guarantee contracts

The company has issued guarantees in respect of contracts with customers, the latest of which was issued on 18 March 2022. The guarantees are in place until the contracts have been completed. As in previous years, no claims have been made against guarantees by any of its customers and the directors do not expect any claims to be made.

The total amount of the financial guarantee contracts are £819,102.

### 28 Related party transactions

#### Summary of transactions with other related parties

The Trustees of the Employee Benefit Trust set up to hold the shares in the company have waived the right to receive the dividend recommended by the directors. At the Balance Sheet date the amount due to the Trustees of the Employment Benefit Trust was nil (2021 - £nil).

# **Clansman Dynamics Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2022**

### **29 Parent and ultimate parent undertaking**

The ultimate controlling party is Clansman Dynamics Employee Benefit Trust governed by Trustees, who include employees of Clansman Dynamics Limited.

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