Registered number: 02639199

PENNINE PNEUMATIC SERVICES LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

PENNINE PNEUMATIC SERVICES LIMITED

COMPANY INFORMATION

Directors	Richard James Davies Ian Harrison Alessandro Lala Matthew O'Connor
Company secretary	John Morrison
Registered number	02639199
Registered office	10-11 Charterhouse Square London EC1M 6EE

PENNINE PNEUMATIC SERVICES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Principal activity and future developments

The principal activity of the Company continued to be that of the sale and hire of specialist compressed air equipment and associated services. The Directors anticipate these activities to continue for the forseeable future.

Business review, principal risks and uncertainties

The Company is managed as part of an overall group of companies whose ultimate parent company is Diploma PLC (the "Group").

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed seperately.

The matters required to be discussed in the Business Review, which include the key performance indicators, financial risk management and policies and principal risks and uncertainties, are set out in the Annual Report and Accounts of Diploma PLC for the year ended 30 September 2023 on pages 41 to 48. A copy of this is available on the website at www.diplomaplc.com or can be obtained from Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.

Going Concern

At 30 September 2023, the Company had net assets of £2,427,000 (2022: £1,569,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The going concern position of the Company is linked to that of the wider Group due to the cross guarantees on financing given by a number of Group companies as well as the provision of a letter of financial support from the ultimate parent company, Diploma PLC in respect of the going concern status of various Group companies.

The Group's balance sheet is strong and working capital is well controlled. On 17 July 2023, the Group entered into a new committed multi-currency revolving credit facility agreement ("RCF") with an aggregate principal amount of £555.0m. The RCF is due to expire in July 2028 with an option to extend for two further 12-month periods. The RCF replaced the Group's previous debt facility agreement which as at 30 September 2022 comprised an RCF with an aggregate principal amount of £359.7m, an amortising term loan for an aggregate principal amount of £114.2m ($127.5m), a bullet term loan for an aggregate principal amount of £59.1m ($66.0m) and a further bullet term loan for an aggregate principal amount of £45.3m.

Additionally, compliance with bank covenants is monitored regularly and during 2023 all bank covenant tests were complied with. The applicable financial covenants are interest cover and leverage, whereby EBITDA must be at least 4x net finance charges (as defined by the SFA); and the ratio of net debt to EBITDA must not exceed 3.5x.

The Group's debt facilities are subject to interest at variable rates. During FY22 and FY23 the Group entered into interest rate swap contracts with the effect of fixing the interest rate on $200.0m (£163.9m) of debt. The effective fixed rate debt was 52% of total debt.

On 20 March 2024, Diploma PLC, the parent Company of the Group issued fixed term loan notes. The aggregate notional value of the loan notes is €250.0m with a mix of 7, 10 and 12 year maturities.

At 30 September 2023, the Group's Leverage was 0.9x, and year end headroom was £297m on the Group's undrawn committed funds and cash funds.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described in the strategic report.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

This report was approved by the board and signed on its behalf on 27 June 2024.

R Davies
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements for the year ended 30 September 2023.

Results and dividends

The profit for the period, after taxation, amounted to £1,195,000 (Period ended 30 September 2022 - £469,000).

The Directors paid an ordinary dividend of £337,000 (Period ended 30 September 2022: £250,000) during the period. The Directors do not recommend a final dividend (Period ended 30 September 2022: £Nil).

Directors

The directors who served during the period and up to the date of this report were:

Richard James Davies
Ian Harrison
Alessandro Lala
Matthew O'Connor

This report was approved by the board on 27 June 2024 and signed on its behalf.

R Davies
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Turnover	4	**15,280**	*10,200*
Cost of sales		**(7,974)**	*(5,397)*
Gross profit		**7,306**	*4,803*
Distribution costs		**(73)**	*(40)*
Administrative expenses		**(5,550)**	*(4,056)*
Operating profit	5	**1,683**	*707*
Interest payable and similar expenses	8	**(43)**	*(127)*
Profit before tax		**1,640**	*580*
Tax on profit	9	**(445)**	*(111)*
Profit for the financial period		**1,195**	*469*

The notes on pages 9 to 23 form part of these financial statements.

PENNINE PNEUMATIC SERVICES LIMITED
REGISTERED NUMBER: 02639199

BALANCE SHEET
AS AT 30 SEPTEMBER 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible fixed assets			**148**		*88*
Tangible assets	12		**2,298**		*1,706*
			2,446		*1,794*
Current assets					
Stocks	13	**2,841**		*2,299*	
Debtors	14	**3,445**		*2,615*	
Cash at bank and in hand	15	**891**		*154*	
		7,177		*5,068*	
Creditors: amounts falling due within one year	16	**(6,203)**		*(4,733)*	
Net current assets			**974**		*335*
Total assets less current liabilities			**3,420**		*2,129*
Creditors: amounts falling due after more than one year	17		**(704)**		*(339)*
Provisions for liabilities					
Deferred tax		**(289)**		*(221)*	
			(289)		*(221)*
Net assets			**2,427**		*1,569*
Capital and reserves					
Called up share capital	18		**11**		*11*
Share premium account			**9**		*9*
Profit And Loss Account			**2,407**		*1,549*
			2,427		*1,569*

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2023

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2024.

R Davies
Director

The notes on pages 9 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2022	11	9	1,330	1,350
Comprehensive income for the period				
Profit for the period	-	-	469	469
Dividends: Equity capital	-	-	(250)	(250)
At 30 September 2022	11	9	1,549	1,569
Comprehensive income for the period				
Profit for the period	-	-	1,195	1,195
Dividends: Equity capital	-	-	(337)	(337)
At 30 September 2023	11	9	2,407	2,427

The notes on pages 9 to 23 form part of these financial statements.

1. General information

The Company is a private company, limited by shares, incorporated and domiciled in the United Kingdom under Companies Act 2006 and registered in England and Wales. The address of the registered office is 10-11 Charterhouse Square, London, EC1M 6EE. The Company is part of a UK listed group with all revenue originating in the UK therefore the Company's functional currency is UK Sterling. The Company's financial statements are presented in UK Sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Diploma PLC as at 30 September 2023 and these financial statements may be obtained from www.diplomaplc.com.

2.3 Going concern

At 30 September 2023, the Company had net assets of £2,427,000 (2022: £1,569,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The going concern position of the Company is linked to that of the wider Group due to the cross guarantees on financing given by a number of Group companies as well as the provision of a letter of financial support from the ultimate parent company, Diploma PLC in respect of the going concern status of various Group companies.

The Group's balance sheet is strong and working capital is well controlled. On 17 July 2023, the Group entered into a new committed multi-currency revolving credit facility agreement ("RCF") with

2. Accounting policies (continued)

2.3 Going concern (continued)

an aggregate principal amount of £555.0m. The RCF is due to expire in July 2028 with an option to extend for two further 12-month periods. The RCF replaced the Group's previous debt facility agreement which as at 30 September 2022 comprised an RCF with an aggregate principal amount of £359.7m, an amortising term loan for an aggregate principal amount of £114.2m ($127.5m), a bullet term loan for an aggregate principal amount of £59.1m ($66.0m) and a further bullet term loan for an aggregate principal amount of £45.3m.

Additionally, compliance with bank covenants is monitored regularly and during 2023 all bank covenant tests were complied with. The applicable financial covenants are interest cover and leverage, whereby EBITDA must be at least 4x net finance charges (as defined by the SFA); and the ratio of net debt to EBITDA must not exceed 3.5x.

The Group's debt facilities are subject to interest at variable rates. During FY22 and FY23 the Group entered into interest rate swap contracts with the effect of fixing the interest rate on $200.0m (£163.9m) of debt. The effective fixed rate debt was 52% of total debt.

On 20 March 2024, Diploma PLC, the parent Company of the Group issued fixed term loan notes. The aggregate notional value of the loan notes is €250.0m with a mix of 7, 10 and 12 year maturities.

At 30 September 2023, the Group's Leverage was 0.9x, and year end headroom was £297m on the Group's undrawn committed funds and cash funds.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described in the strategic report.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Accounting policies (continued)

2.4 Revenue (continued)

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from contracts for the provision of installation services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.8 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 and 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 balance sheet date in the countries where the Company operates and generates income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model 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.

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight-line and reducing balance methods.

Depreciation is provided on the following basis:

Long-term leasehold property	-	10% straight line
Plant and machinery	-	12% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in profit or loss.

2.11 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 weighted average basis. Certain elements of work in progress and finished goods will include direct labour and attributable overheads consistent with the stage of completion of the relevant contract.

At each balance sheet date, stocks are assessed for impairment. If stock 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.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The application of the Company's accounting policies requires the use of management judgement and estimation, which often involves assumptions regarding future events which can vary from what is anticipated. The preparation of the Company's financial statements does not require management to make any critical accounting judgements, assumptions or estimates with regard to assets or liabilities that could potentially have a material adjustment to the carrying amount of assets or liabilities in the next 12 months.

The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

4. Turnover

Analysis of turnover by country of destination:

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
United Kingdom	**15,280**	*10,200*
	15,280	*10,200*

All revenue is recognised as point-in-time and there was was also accrued income ("contract assets") or deferred income ("contract liabilities")

5. Operating profit

The operating profit is stated after charging:

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Other operating lease rentals	**249**	*186*

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Wages and salaries	**3,176**	*2,210*
Social security costs	**364**	*239*
Cost of defined contribution scheme	**351**	*249*
	3,891	*2,698*

The average monthly number of employees, including the directors, during the period was as follows:

	Year ended 30 September 2023 No.	*9 months ended 30 September 2022 No.*
Management	**3**	*2*
Sales	**16**	*10*
Admin	**71**	*77*
	90	*89*

7. Directors' remuneration

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Directors' emoluments	**204**	*132*
Company contributions to defined contribution pension schemes	**90**	*42*
	294	*174*

During the period retirement benefits were accruing to two directors *(2022 - two)* in respect of defined contribution pension schemes.

8. Interest payable and similar expenses

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Bank interest payable	**-**	*106*
Finance leases and hire purchase contracts	**43**	*21*
	43	*127*

9. Taxation

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Corporation tax		
Current tax on profits for the year	**364**	*77*
Adjustments in respect of previous periods	**10**	-
	374	*77*
Total current tax	**374**	*77*
Deferred tax		
Adjustments in respect of previous periods	**71**	*34*
Total deferred tax	**71**	*34*
Taxation on profit on ordinary activities	**445**	*111*

9. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2022 - higher than)* the standard rate of corporation tax in the UK of 22% *(2022 - 19%)*. The differences are explained below:

	Year ended 30 September 2023 £000	*9 months ended 30 September 2022 £000*
Profit on ordinary activities before tax	**1,640**	*580*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2022 - 19%)	**364**	*110*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	*1*
Adjustments to tax charge in respect of prior periods	**10**	*34*
Other differences leading to an increase (decrease) in the tax charge	**71**	*(34)*
Total tax charge for the period	**445**	*111*

Factors that may affect future tax charges

The rate of corporation tax rose to 25% from 1 April 2023, as enacted by the Finance Act 2021. Profits earned in financial year 2023 were subject to taxation at a hybrid rate of 22% and subsequent financial periods thereafter will be taxed at 25%.

10. Dividends

	2023 £000	*2022 £000*
Dividends	**337**	*250*
	337	*250*

Dividends of £30.64 per ordinary share (Period 30 September 2022: £22.72) were paid during the period.

11. Intangible assets

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 October 2022	64	121	185
Additions	-	71	71
At 30 September 2023	64	192	256
Amortisation			
At 1 October 2022	38	60	98
Charge for the period on owned assets	10	-	10
At 30 September 2023	48	60	108
Net book value			
At 30 September 2023	16	132	148
At 30 September 2022	*26*	*61*	*87*

12. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 October 2022	**380**	**837**	**1,036**	**295**	**2,548**
Additions	**33**	**209**	**801**	**74**	**1,117**
Disposals	**-**	**(85)**	**(301)**	**-**	**(386)**
At 30 September 2023	**413**	**961**	**1,536**	**369**	**3,279**
Depreciation					
At 1 October 2022	**24**	**191**	**447**	**180**	**842**
Charge for the period on owned assets	**29**	**92**	**235**	**36**	**392**
Disposals	**-**	**(24)**	**(229)**	**-**	**(253)**
At 30 September 2023	**53**	**259**	**453**	**216**	**981**
Net book value					
At 30 September 2023	**360**	**702**	**1,083**	**153**	**2,298**
At 30 September 2022	*356*	*646*	*589*	*115*	*1,706*

13. Stocks

	2023 £000	*2022 £000*
Work in progress (goods to be sold)	**593**	*326*
Finished goods and goods for resale	**2,248**	*1,973*
	2,841	*2,299*

There is no material difference between the balance sheet value of stocks and their replacement cost.

14. Debtors

	2023 £000	*2022 £000*
Trade debtors	**3,059**	*2,216*
Amounts owed by group undertakings	**136**	*143*
Other debtors	**73**	*30*
Prepayments and accrued income	**177**	*226*
	3,445	*2,615*

15. Cash and cash equivalents

	2023 £000	*2022 £000*
Cash at bank and in hand	**891**	*154*
	891	*154*

16. Creditors: Amounts falling due within one year

	2023 £000	*2022 £000*
Bank overdraft	-	*29*
Trade creditors	**2,806**	*2,268*
Amounts owed to group undertakings	**713**	*-*
Corporation tax	**391**	*299*
Other taxation and social security	**321**	*297*
Obligations under finance lease and hire purchase contracts	**272**	*189*
Other creditors	**1,049**	*777*
Accruals and deferred income	**651**	*874*
	6,203	*4,733*

17. Creditors: Amounts falling due after more than one year

	2023 £000	*2022 £000*
Net obligations under finance leases and hire purchase contracts	**669**	*304*
Amounts owed to group undertakings	**2**	*2*
Other creditors	**33**	*33*
	704	*339*

18. Share capital

	2023 £000	*2022 £000*
Allotted, called up and fully paid		
11,000 *(2022 - 11,000)* Ordinary Shares shares of £1.00 each	**11**	*11*

19. Contingent liabilities

The Company, along with certain other companies in the Group, has given a guarantee in respect of bank borrowing facilities (the "SFA") of other Group companies comprising of a 5 year committed multi-currency revolving facility for an aggregate principal amount of £555,000,000. As at 30 September 2023, the Group has utilised £320,000,000 of the revolving facility. There remains £235,000,000 undrawn on the revolving facility.

20. Finance lease commitments

At the reporting end date the company had outstanding finance lease commitments of £941,000 (30 September 2022: £493,000).

21. Related party transactions

During the year, a building was leased from Pennine Property Limited ("Pennine"), an entity which is 50% owned by Mr Ian Harrison, a director of the Company. The remaining shareholder of Pennine is an unrelated party. The terms of the lease payment are at an arm's length basis and the lease agreement has 6 years remaining, with lease repayments of £100,000 payable each year. Current renewal ending on 31st October 2029.

22. Controlling party

The Company's ultimate parent undertaking and ultimate controlling party is Diploma PLC, a company incorporated in the United Kingdom and registered in England and Wales, which is the smallest and largest group into which the results of the Company are consolidated.

Copies of the Group's financial statements are available from Diploma PLC, 10-11 *Charterhouse Square,* London, England, EC1M 6EE.