

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022
FOR
CURROCK ENGINEERING COMPANY LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2022

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CURROCK ENGINEERING COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2022

Directors:	A Murray Mrs J Murray
Secretary:	Mrs J Murray
Registered office:	Unit 9, Tattersall Way Widford Industrial Estate Chelmsford Essex CM1 3UB
Registered number:	00828340 (England and Wales)
Auditors:	Baverstocks Limited Statutory Auditor Chartered Certified Accountants Dickens House Guithavon Street Witham Essex CM8 1BJ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2022

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

Review of business

The principal activities of the company continued during the year as precision engineers.

The key financial and other performance indicators during the year were as follows:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Turnover	7,593,393	8,771,322	-13.43%
Operating profit	366,429	274,350	+33.56%
Profit after tax	767,574	822,182	-6.64%
Equity shareholders' funds	8,224,665	7,622,491	+7.90%
Stock and work in progress	7,150,615	5,798,669	+23.31%
Gross profit percentage	26.21%	21.50%	+2.34%
Current ratio	208%	222%	-6.31%
Average number of employees	85	91	-6

2022 was a particularly challenging year as the world struggled with the Covid 19 issues, whilst the business was allowed to continue operating, some customers slowed their build programs resulting in sales reductions. The company fortunately did not suffer any order cancellations, the delivery requirements were just extended.

Through this year the Bank of England started to increase interest rates and the troubles in Ukraine developed, this significantly raised the cost of borrowing along with prices of raw materials and energy.

During this period the company took the opportunity to upgrade its operating software along with some hardware improvements, the migration of data between the old and new systems was not a simple process and resulted in some data corruption. These issues have now been resolved with the new system operating normally.

During 2022 the company has continued improving the internal structure of the business towards the aim for future growth. The company has continued to develop its MRP/ERP system allowing for improvements in manufacturing efficiencies, key performance indicators and stock control processes. The benefits of which can be seen in the increase in gross profit margin.

The company continues to apply the techniques and lessons learnt from the engagement with the Sharing in Growth programme, which has allowed the Company to develop solid foundations for growth which is reflected in these accounts.

Profit after tax for the year was £767,574, which included a research and development tax credit of £743,721. As a result, there has been an increase in shareholders' funds of 7.90%. The Directors consider this to be a strong performance in the current climate.

The Directors aim to further improve the position of the company within the marketplace during 2022 with enhanced process capabilities together with the robust and on-going research and development program.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2022

The company has acquired several new customers and has a significant order book, it is also anticipating further substantial contracts during the forthcoming year. To meet this increased demand the company has and will continue to invested heavily in plant and machinery allowing for the company's continued expansion.

On behalf of the board:

A Murray - Director

31 July 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their report with the financial statements of the company for the year ended 31 October 2022.

Dividends

The total distribution of dividends for the year ended 31 October 2022 will be £ 165,400 .

Directors

The directors shown below have held office during the whole of the period from 1 November 2021 to the date of this report.

A Murray
Mrs J Murray

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Baverstocks Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

A Murray - Director

31 July 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CURROCK ENGINEERING COMPANY LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Currock Engineering Company Limited (the 'company') for the year ended 31 October 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Due to issues regarding work in progress reporting, we were unable to satisfy ourselves by alternative means the value of work in progress or the sales reserve at 31 October 2022. In addition, we were also unable to satisfy ourselves of an accurate value added tax liability at 31 October 2022. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded work in progress, sales reserve or value added tax liability, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cashflows.

Conclusions relating to going concern

Due to the pervasive nature of the issues identified in the basis for disclaimer of opinion we are unable to conclude on whether the use of the going concern basis of accounting is appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CURROCK ENGINEERING COMPANY LIMITED**

Matters on which we are required to report by exception

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

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CURROCK ENGINEERING COMPANY LIMITED

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with ISAs (UK) and to issue an auditors report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 ethical responsibilities in accordance with these requirements.

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

Our approach to assessing the risks of material misstatement due to fraud and noncompliance with laws and regulations was as follows:-

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to compliance with the Companies Act 2006, Financial Reporting Standard 102, relevant tax legislation and the British Standards Institute (BSI).

We assessed the risks of material misstatements in respect of fraud and determined that the principal risks were related to posting of journal entries to manipulate the results for the financial year. We made enquiries of management during the audit to determine any instances of fraud, while also discussing the areas of risk in relation to audit as part of our audit team meeting.

Based upon the results of our risk assessment we designed our audit procedures to identify noncompliance with such laws and regulations identified above and also material misstatements in respect of fraud as follows:-

- We obtained an understanding of the legal and regulatory framework in relation to the entity and how it complies with this framework. This included discussions with management, reviews of legal and professional fees and a review of the results of audits conducted by BSI.
- We discussed with the management the entity's policies and procedures including systems and controls. Compliance with these was tested via discussion and walkthrough testing of controls.
- We enquired of management of their policies and procedures in relation to fraud and their knowledge of any actual, suspected, or alleged fraud.
- We ensured compliance with Pay as You Earn and Value Added Tax laws via reviewing returns and correspondence.
- We reviewed the recent results of audits with BSI to ensure ongoing compliance.
- We considered the risk of fraud through management override, and, in response, we incorporated testing of manual journal entries into our audit approach. This included the testing of journal entries throughout the year as well as year end journals.
- We agreed the financial statement disclosures to underlying supporting documentation.
- We enquired of management if there were any potential litigation or claims.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CURROCK ENGINEERING COMPANY LIMITED**

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 a Report of the Auditors 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.

Steven Collins (Senior Statutory Auditor)
for and on behalf of Baverstocks Limited
Statutory Auditor
Chartered Certified Accountants
Dickens House
Guithavon Street
Witham
Essex
CM8 1BJ

31 July 2023

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)

INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	2022 £	£	2021 £	£
Turnover	3		7,593,393		8,771,322
Cost of sales			<u>5,603,381</u>		<u>6,885,115</u>
Gross profit			1,990,012		1,886,207
Distribution costs		74,686		70,761	
Administrative expenses		<u>1,548,897</u>		<u>1,590,325</u>	
			<u>1,623,583</u>		<u>1,661,086</u>
			366,429		225,121
Other operating income			-		49,229
Operating profit	5		<u>366,429</u>		<u>274,350</u>
Interest receivable and similar income			9		5
			<u>366,438</u>		<u>274,355</u>
Interest payable and similar expenses	6		<u>124,754</u>		<u>80,117</u>
Profit before taxation			241,684		194,238
Tax on profit	7		<u>(525,890)</u>		<u>(627,944)</u>
Profit for the financial year			<u>767,574</u>		<u>822,182</u>

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	2022 £	2021 £
Profit for the year		767,574	822,182
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>767,574</u>	<u>822,182</u>

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)**BALANCE SHEET**
31 OCTOBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	9		953,595		792,588
Tangible assets	10		<u>4,530,219</u>		<u>3,974,492</u>
			5,483,814		4,767,080
Current assets					
Stocks	11	7,150,615		5,798,669	
Debtors	12	3,810,950		3,468,035	
Cash at bank		<u>82,437</u>		<u>142,969</u>	
		11,044,002		9,409,673	
Creditors					
Amounts falling due within one year	13	<u>5,297,592</u>		<u>4,243,357</u>	
Net current assets			<u>5,746,410</u>		<u>5,166,316</u>
Total assets less current liabilities			11,230,224		9,933,396
Creditors					
Amounts falling due after more than one year	14		(2,352,937)		(1,876,114)
Provisions for liabilities	18		<u>(652,622)</u>		<u>(434,791)</u>
Net assets			<u>8,224,665</u>		<u>7,622,491</u>
Capital and reserves					
Called up share capital	19		300,200		300,200
Retained earnings	20		<u>7,924,465</u>		<u>7,322,291</u>
Shareholders' funds			<u>8,224,665</u>		<u>7,622,491</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2023 and were signed on its behalf by:

A Murray - Director

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2020	300,200	6,636,509	6,936,709
Changes in equity			
Dividends	-	(136,400)	(136,400)
Total comprehensive income	-	822,182	822,182
Balance at 31 October 2021	<u>300,200</u>	<u>7,322,291</u>	<u>7,622,491</u>
Changes in equity			
Dividends	-	(165,400)	(165,400)
Total comprehensive income	-	767,574	767,574
Balance at 31 October 2022	<u>300,200</u>	<u>7,924,465</u>	<u>8,224,665</u>

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	59,110	595,530
Interest paid		(20,069)	(14,180)
Interest element of hire purchase payments paid		(104,685)	(65,937)
Taxation refund		608,844	651,020
Net cash from operating activities		<u>543,200</u>	<u>1,166,433</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(570,166)	(1,278,349)
Purchase of tangible fixed assets		(52,718)	(25,331)
Interest received		9	5
Net cash from investing activities		<u>(622,875)</u>	<u>(1,303,675)</u>
Cash flows from financing activities			
New loans in year		229,000	250,000
Loan repayments in year		(85,466)	(42,247)
Invoice discounting advance		445,696	102,301
Trade finance facility		155,015	16,663
Capital repayments in year		(523,757)	(8,859)
Amount introduced by directors		124,000	95,000
Amount withdrawn by directors		(159,945)	(113,187)
Equity dividends paid		(165,400)	(136,400)
Net cash from financing activities		<u>19,143</u>	<u>163,271</u>
(Decrease)/increase in cash and cash equivalents		<u>(60,532)</u>	<u>26,029</u>
Cash and cash equivalents at beginning of year	2	142,969	116,940
Cash and cash equivalents at end of year	2	<u>82,437</u>	<u>142,969</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2022**

1. Reconciliation of profit before taxation to cash generated from operations		
	2022	2021
	£	£
Profit before taxation	241,684	194,238
Depreciation charges	880,887	982,057
Finance costs	124,754	80,117
Finance income	(9)	(5)
	<u>1,247,316</u>	<u>1,256,407</u>
Increase in stocks	(1,351,946)	(263,736)
Increase in trade and other debtors	(172,093)	(376,827)
Increase/(decrease) in trade and other creditors	335,833	(20,314)
Cash generated from operations	<u><u>59,110</u></u>	<u><u>595,530</u></u>

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2022

	31.10.22	1.11.21
	£	£
Cash and cash equivalents	<u>82,437</u>	<u>142,969</u>

Year ended 31 October 2021

	31.10.21	1.11.20
	£	£
Cash and cash equivalents	<u>142,969</u>	<u>116,940</u>

3. Analysis of changes in net debt

	At 1.11.21 £	Cash flow £	Other non-cash changes £	At 31.10.22 £
Net cash				
Cash at bank	<u>142,969</u>	<u>(60,532)</u>		<u>82,437</u>
	<u>142,969</u>	<u>(60,532)</u>		<u>82,437</u>
Debt				
Finance leases	(2,028,728)	523,757	-	(2,479,708)
Debts falling due within 1 year	(1,872,966)	(639,494)	-	(2,512,460)
Debts falling due after 1 year	<u>(330,937)</u>	<u>(104,751)</u>	-	<u>(435,688)</u>
	<u>(4,232,631)</u>	<u>(220,488)</u>	-	<u>(5,427,856)</u>
Total	<u>(4,089,662)</u>	<u>(281,020)</u>	-	<u>(5,345,419)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

1. **Statutory information**

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

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no estimates and assumptions that have a significant risk of causing material adjustment in the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

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

Computer software is being amortised evenly over its estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short Leasehold	- 10% on cost
Plant and Machinery	- 25% on reducing balance and 10% on reducing balance
Fixtures and Fittings	- 25% on reducing balance
Motor Vehicles	- 25% on reducing balance
Office Equipment	- 33% on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022

2. Accounting policies - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Invoice discounting

Trade receivables are subject to an invoice discounting facility whereby an advance is received based upon and secured upon trade debtors.

Where the Company has retained significant risks and rewards relating to the discounted debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received is shown separately on the balance sheet within creditors. The interest element of the invoice discounter's charge is recognised as it accrues and included in the profit and loss account within finance costs.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of goods	7,593,393	8,771,322
	<u>7,593,393</u>	<u>8,771,322</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022**4. Employees and directors**

	2022	2021
	£	£
Wages and salaries	3,165,809	2,573,182
Social security costs	21,809	20,991
Other pension costs	141,639	137,884
	<u>3,329,257</u>	<u>2,732,057</u>

The average number of employees during the year was as follows:

	2022	2021
Cost of Sales	81	87
Administration and Management	4	4
	<u>85</u>	<u>91</u>

	2022	2021
	£	£
Directors' remuneration	102,162	100,642
Directors' pension contributions to money purchase schemes	<u>38,001</u>	<u>38,009</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation - owned assets	229,310	258,995
Depreciation - assets on hire purchase contracts	242,418	237,301
Computer software amortisation	409,159	485,761
Auditors Remuneration	<u>12,000</u>	<u>12,000</u>

6. Interest payable and similar expenses

	2022	2021
	£	£
Bank Interest	-	2,271
Loan Interest	16,177	8,973
Other Interest	3,892	2,936
Hire Purchase Interest	<u>104,685</u>	<u>65,937</u>
	<u>124,754</u>	<u>80,117</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022

7. Taxation

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	(743,721)	(608,844)
Deferred Taxation	<u>217,831</u>	<u>(19,100)</u>
Tax on profit	<u>(525,890)</u>	<u>(627,944)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>241,684</u>	<u>194,238</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	45,920	36,905
Effects of:		
Expenses not deductible for tax purposes	18,537	18,794
Research and development enhanced expenditure claim	<u>(590,347)</u>	<u>(683,643)</u>
Total tax credit	<u>(525,890)</u>	<u>(627,944)</u>

8. Dividends

	2022 £	2021 £
Ordinary A shares of £1 each		
Interim	<u>165,400</u>	<u>136,400</u>

9. Intangible fixed assets

	Computer software £
Cost	
At 1 November 2021	1,278,349
Additions	<u>570,166</u>
At 31 October 2022	<u>1,848,515</u>
Amortisation	
At 1 November 2021	485,761
Amortisation for year	<u>409,159</u>
At 31 October 2022	<u>894,920</u>
Net book value	
At 31 October 2022	<u>953,595</u>
At 31 October 2021	<u>792,588</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022

10. **Tangible fixed assets**

	Short Leasehold £	Plant and Machinery £	Fixtures and Fittings £
Cost			
At 1 November 2021	80,339	8,047,393	249,145
Additions	-	1,019,892	-
At 31 October 2022	<u>80,339</u>	<u>9,067,285</u>	<u>249,145</u>
Depreciation			
At 1 November 2021	80,339	4,209,651	212,009
Charge for year	-	421,155	9,284
At 31 October 2022	<u>80,339</u>	<u>4,630,806</u>	<u>221,293</u>
Net book value			
At 31 October 2022	<u>-</u>	<u>4,436,479</u>	<u>27,852</u>
At 31 October 2021	<u>-</u>	<u>3,837,742</u>	<u>37,136</u>
	Motor Vehicles £	Office Equipment £	Totals £
Cost			
At 1 November 2021	153,350	798,880	9,329,107
Additions	-	7,563	1,027,455
At 31 October 2022	<u>153,350</u>	<u>806,443</u>	<u>10,356,562</u>
Depreciation			
At 1 November 2021	86,121	766,495	5,354,615
Charge for year	16,807	24,482	471,728
At 31 October 2022	<u>102,928</u>	<u>790,977</u>	<u>5,826,343</u>
Net book value			
At 31 October 2022	<u>50,422</u>	<u>15,466</u>	<u>4,530,219</u>
At 31 October 2021	<u>67,229</u>	<u>32,385</u>	<u>3,974,492</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022**

10. Tangible fixed assets - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and Machinery £	Motor Vehicles £	Totals £
Cost			
At 1 November 2021	3,509,462	122,480	3,631,942
Additions	974,737	-	974,737
At 31 October 2022	<u>4,484,199</u>	<u>122,480</u>	<u>4,606,679</u>
Depreciation			
At 1 November 2021	1,558,532	63,147	1,621,679
Charge for year	227,584	14,834	242,418
At 31 October 2022	<u>1,786,116</u>	<u>77,981</u>	<u>1,864,097</u>
Net book value			
At 31 October 2022	<u>2,698,083</u>	<u>44,499</u>	<u>2,742,582</u>
At 31 October 2021	<u>1,950,930</u>	<u>59,333</u>	<u>2,010,263</u>

11. Stocks

	2022 £	2021 £
Stocks	4,189,563	3,907,551
Work in Progress	<u>2,961,052</u>	<u>1,891,118</u>
	<u>7,150,615</u>	<u>5,798,669</u>

12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade Debtors	2,882,242	2,684,530
Directors Current Accounts	134,667	98,722
Tax	743,721	608,844
Prepayments and Accrued Income	50,320	75,939
	<u>3,810,950</u>	<u>3,468,035</u>

13. Creditors: amounts falling due within one year

	2022 £	2021 £
Other loans (see note 15)	2,512,460	1,872,966
Hire purchase contracts (see note 16)	562,459	483,551
Trade Creditors	1,130,200	1,021,441
Social Security and Other		
Taxes	804,331	612,757
Other Creditors	61,171	128,522
Accruals and Deferred Income	226,971	124,120
	<u>5,297,592</u>	<u>4,243,357</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022****14. Creditors: amounts falling due after more than one year**

	2022	2021
	£	£
Other loans (see note 15)	435,688	330,937
Hire purchase contracts (see note 16)	1,917,249	1,545,177
	<u>2,352,937</u>	<u>1,876,114</u>

15. Loans

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Other Loans	148,790	110,007
Invoice Discounting Advance	1,687,967	1,242,271
Trade Finance Facility	675,703	520,688
	<u>2,512,460</u>	<u>1,872,966</u>
Amounts falling due between one and two years:		
Other Loans - 1-2 years	<u>156,958</u>	<u>116,450</u>
Amounts falling due between two and five years:		
Other Loans	<u>278,730</u>	<u>214,487</u>

16. Leasing agreements

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Gross obligations repayable:		
Within one year	691,527	560,032
Between one and five years	2,150,427	1,680,285
	<u>2,841,954</u>	<u>2,240,317</u>
Finance charges repayable:		
Within one year	129,068	76,481
Between one and five years	233,178	135,108
	<u>362,246</u>	<u>211,589</u>
Net obligations repayable:		
Within one year	562,459	483,551
Between one and five years	1,917,249	1,545,177
	<u>2,479,708</u>	<u>2,028,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022

16. **Leasing agreements - continued**

	Non-cancellable 2022 £	operating leases 2021 £
Within one year	247,733	247,733
Between one and five years	44,664	70,397
	<u>292,397</u>	<u>318,130</u>

17. **Secured debts**

The following secured debts are included within creditors:

	2022 £	2021 £
Hire purchase contracts	2,479,708	2,028,728
Invoice discounting advance	1,687,967	1,242,271
	<u>4,167,675</u>	<u>3,270,999</u>

The amount due to Bibby Invoice Discounting Ltd is in respect of sales invoice discounting and is secured by way of a fixed and floating charge over the assets of the Company.

18. **Provisions for liabilities**

	2022 £	2021 £
Deferred Taxation	<u>652,622</u>	<u>434,791</u>
		Deferred tax £
Balance at 1 November 2021		434,791
Charge to Income Statement during year		217,831
Balance at 31 October 2022		<u>652,622</u>

19. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
166	Ordinary A	£1	166	166
34	Ordinary B	£1	34	34
300,000	Ordinary C	£1	300,000	300,000
			<u>300,200</u>	<u>300,200</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2022

20. **Reserves**

	Retained earnings £
At 1 November 2021	7,322,291
Profit for the year	767,574
Dividends	<u>(165,400)</u>
At 31 October 2022	<u><u>7,924,465</u></u>

21. **Directors' advances, credits and guarantees**

The following advances and credits to a director subsisted during the years ended 31 October 2022 and 31 October 2021:

	2022 £	2021 £
A Murray		
Balance outstanding at start of year	98,722	80,535
Amounts advanced	178,097	122,187
Amounts repaid	(142,150)	(104,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>134,669</u>	<u>98,722</u>

22. **Related party disclosures**

Key management personnel of the entity or its parent (in the aggregate)

	2022 £	2021 £
Purchases	18,051	19,580
Amount due to related party	<u>4,466</u>	<u>4,455</u>

During the year, a total of key management personnel compensation of £ 195,822 (2021 - £ 323,079) was paid.

23. **Ultimate controlling party**

The controlling party is A Murray.

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