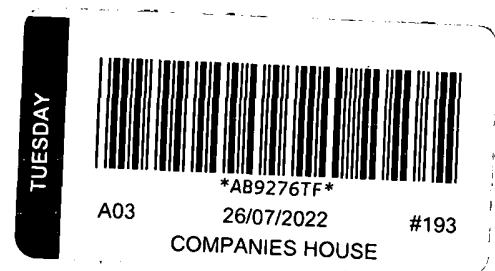


COMPANY REGISTRATION NUMBER: 06365584

L.A.C Conveyor Systems Limited
Financial Statements
31 October 2021



ANTHON MARLOW
Chartered Certified Accountants & statutory auditor
6 Clinton Avenue
Nottingham
NG5 1AW

L.A.C Conveyor Systems Limited

Financial Statements

Year ended 31 October 2021

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L.A.C Conveyor Systems Limited

Officers and Professional Advisers

The board of directors

Christopher Unwin
Roger Mackness
Gary Bale
Helen Pettit
Mike Hilton

Company secretary

Christopher Unwin

Registered office

6 Clinton Avenue
Nottingham
NG5 1AW

Auditor

Anthon Marlow
Chartered Certified Accountants & statutory
auditor
6 Clinton Avenue
Nottingham
NG5 1AW

Bankers

Lloyds Bank PLC
Market Square House
Old Market Square
Nottingham
NG1 6FD

L.A.C Conveyor Systems Limited

Strategic Report

Year ended 31 October 2021

Business Review

The business is pleased to have completed its best ever year with record sales of £ 26,108,097. The principal activity of the company remains the design and supply of Automated Storage and Handling equipment to the Manufacturing, Logistics and Food sectors. The company has continued to invest in people, manufacturing resource, processes and systems in order to strengthen its ability to grow within the market. The team has been re-organized and strengthened and this is a major contributor towards both the success of the business this year and will give us the resource to push forward the implementation of our aggressive growth plans in the coming years.

Although Invoiced sales seem not to have increased dramatically from the previous period the value of the projects won this year have been materially larger than last and take longer to process through the business. This has resulted in a larger order book being carried over.

Our range of manufactured product has increased, which not only cements relationships with key customers but opens up our market to system integrators. To further increase our offering to end users we seek to find strategic partners with cutting edge technologies that we can integrate with our own products.

Several old historical large complex projects which were delivering lower than expected margins are coming to a close, this has resulted in the overall business margin being greater this year than the previous year. To prevent the business accepting lower margin projects in the future more robust 'bid no bid' systems have been introduced into the solutions design department.

Business Environment

The demand for our products and services remains robust, this is based on continued strong growth within online shopping and the struggle our customers have with satisfying their employment requirements, owing to Brexit and a general labour shortage in the UK. As we grow our brand and scale we will be considered for larger and more complex solutions within our market sector.

The immediate major impacts of Covid have passed and we continue to have robust systems in place to prevent Covid outbreaks. Many of our customers are increasing levels of automation to mitigate the impact of future Covid outbreaks.

Our target in the last period was to move away from the low margin Automation Projects in the Automotive sector and have a greater percentage of our sales in the logistics sector, this project is nearing completion with the final Automotive projects nearing completion.

L.A.C Conveyor Systems Limited

Strategic Report *(continued)*

Year ended 31 October 2021

Principal Risks and Uncertainties

The board regularly reviews major risks to the business and how to mitigate those risks. The principal risks to the business are; -

Market Cycles

The business constantly reviews the health of the sectors it operates within, Manufacturing, e-commerce, Food and Beverage, and is able focus's its sales and marketing activities on the most buoyant sectors at the time. By constantly reviewing the product range and offering innovative solutions market cycles can be controlled. The marketplace relative to our size is very large so being dynamic within this marketplace would allow us to function if there was a steep downturn.

Loss of Trading Partners

The company faces the general risk of the loss of a major customer, and to the lesser extent the loss of key suppliers. To mitigate this risk the company limits the amount a single customer can contribute to turnover. As well as focusing on managing the accounts of key customers sourcing new customers is a key business policy.

Having a well-balanced supply chain is key in allowing us to deliver our projects in a timely manner, processes are in place to manage the quality of our suppliers and the volumes of work distributed.

Large one-off Projects

Several risks are encountered when handling one off large projects, including, cost over runs and delays in payments. To mitigate these risks the business has strengthened its project management resource and senior management teams. Continual project and commercial reviews, resource and capacity checks will reduce the risk.

Financial Risk

The company's activities expose it to financial risk. The company's principle financial assets are bank balances, trade, and other receivables. There is no significant concentration of credit risk, with exposure spread over many customers.

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and growth, the board regularly reviews working capital requirements.

Future Developments

The directors expect the company to grow significantly over the coming year. This will be as a result of organic growth, aggressive marketing, development of new products and the on boarding of strategic partners. The sales team will continue to be expanded with capable experienced professionals. The stability of the company will be assured by expanding the quantity of experienced directors within the business.

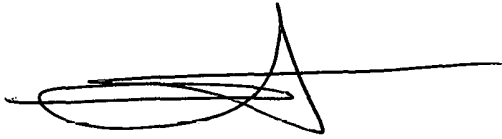
Due to an active marketplace and a general sales push trading activity has again increased this year. Many of the historical low margin Automotive projects are now nearing completion and the major effects of COVID 19 on the business have passed , therefore business margins have increased. Raw material costs and supply chain issues will impact on the business over the next year, product designs, price lists and supply chains will be managed to mitigate this risk.

L.A.C Conveyor Systems Limited

Strategic Report *(continued)*

Year ended 31 October 2021

This report was approved by the board of directors on 21 July 2022 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Christopher Unwin
Company Secretary

Registered office:
6 Clinton Avenue
Nottingham
NG5 1AW

L.A.C Conveyor Systems Limited

Directors' Report

Year ended 31 October 2021

The directors present their report and the financial statements of the company for the year ended 31 October 2021.

Directors

The directors who served the company during the year were as follows:

Christopher Unwin
Roger Mackness
Gary Bale
Helen Pettit
Mike Hilton

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Disclosure of information in the strategic report

The detailed business review and environment, along with principal risks and uncertainties and future developments of the the company are set out in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 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 judgments 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.

L.A.C Conveyor Systems Limited

Directors' Report *(continued)*

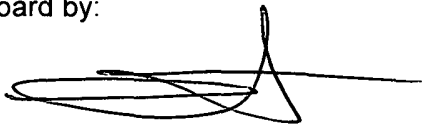
Year ended 31 October 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 21 July 2022 and signed on behalf of the board by:



Christopher Unwin
Company Secretary

Registered office:
6 Clinton Avenue
Nottingham
NG5 1AW

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited

Year ended 31 October 2021

Opinion

We have audited the financial statements of L.A.C Conveyor Systems Limited (the 'company') for the year ended 31 October 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited *(continued)*

Year ended 31 October 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited *(continued)*

Year ended 31 October 2021

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited *(continued)*

Year ended 31 October 2021

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited *(continued)*

Year ended 31 October 2021

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators, such as Health and Safety and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

L.A.C Conveyor Systems Limited

Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited *(continued)*

Year ended 31 October 2021

- 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.

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.

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.

Alistair Gerald Nicklin F.C.C.A. (Senior Statutory Auditor)

For and on behalf of
Anthon Marlow
Chartered Certified Accountants & statutory auditor
6 Clinton Avenue
Nottingham
NG5 1AW

22 July 2022

L.A.C Conveyor Systems Limited
Statement of Income and Retained Earnings
Year ended 31 October 2021

	Note	2021 £	2020 £
Turnover	4	25,708,097	24,863,035
Cost of sales		19,309,446	19,308,606
Gross profit		<u>6,398,651</u>	<u>5,554,429</u>
Distribution costs		240,581	232,469
Administrative expenses		2,085,991	2,358,739
Other operating income	5	<u>68,105</u>	<u>406,389</u>
Operating profit	6	4,140,184	3,369,610
Other interest receivable and similar income	10	108	6,303
Interest payable and similar expenses	11	<u>6,207</u>	<u>3,476</u>
Profit before taxation		4,134,085	3,372,437
Tax on profit	12	<u>788,334</u>	<u>(804,248)</u>
Profit for the financial year and total comprehensive income		<u><u>3,345,751</u></u>	<u><u>4,176,685</u></u>
Dividends paid and payable	13	(3,000,000)	(1,750,000)
Retained earnings at the start of the year		6,009,004	3,582,319
Retained earnings at the end of the year		<u><u>6,354,755</u></u>	<u><u>6,009,004</u></u>

All the activities of the company are from continuing operations.

The notes on pages 17 to 28 form part of these financial statements.

L.A.C Conveyor Systems Limited

Statement of Financial Position

31 October 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	69,042	114,069
Current assets			
Debtors	15	7,894,457	6,675,888
Cash at bank and in hand		4,347,998	7,233,134
		<u>12,242,455</u>	<u>13,909,022</u>
Creditors: amounts falling due within one year	16	<u>5,943,684</u>	<u>7,984,720</u>
Net current assets		<u>6,298,771</u>	<u>5,924,302</u>
Total assets less current liabilities		<u>6,367,813</u>	<u>6,038,371</u>
Creditors: amounts falling due after more than one year	17	–	11,356
Provisions			
Taxation including deferred tax	19	<u>12,958</u>	<u>17,911</u>
Net assets		<u><u>6,354,855</u></u>	<u><u>6,009,104</u></u>

The statement of financial position
continues on the following page.

The notes on pages 17 to 28 form part of these financial statements.

L.A.C Conveyor Systems Limited

Statement of Financial Position *(continued)*

31 October 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account		<u>6,354,755</u>	<u>6,009,004</u>
Shareholders funds		<u>6,354,855</u>	<u>6,009,104</u>

These financial statements were approved by the board of directors and authorised for issue on 21 July 2022, and are signed on behalf of the board by:



Christopher Unwin
Director

Company registration number: 06365584

The notes on pages 17 to 28 form part of these financial statements.

L.A.C Conveyor Systems Limited

Statement of Cash Flows

Year ended 31 October 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,345,751	4,176,685
<i>Adjustments for:</i>		
Depreciation of tangible assets	37,066	57,652
Government grant income	(68,105)	(406,389)
Other interest receivable and similar income	(108)	(6,303)
Interest payable and similar expenses	6,207	3,476
(Gains)/loss on disposal of tangible assets	(2,986)	1,189
Tax on profit	788,334	(804,248)
Accrued (income)/expenses	(51,628)	320,369
<i>Changes in:</i>		
Trade and other debtors	(1,218,569)	(2,752,483)
Trade and other creditors	(2,135,814)	2,166,922
Cash generated from operations	700,148	2,756,870
Interest paid	(6,207)	(3,476)
Interest received	108	6,303
Tax (paid)/received	(641,096)	838,334
Net cash from operating activities	<u>52,953</u>	<u>3,598,031</u>
Cash flows from investing activities		
Purchase of tangible assets	(10,815)	(91,444)
Proceeds from sale of tangible assets	21,762	2,500
Net cash from/(used in) investing activities	<u>10,947</u>	<u>(88,944)</u>
Cash flows from financing activities		
Government grant income	68,105	406,389
Payments of finance lease liabilities	(17,141)	17,141
Dividends paid	(3,000,000)	(1,750,000)
Net cash used in financing activities	<u>(2,949,036)</u>	<u>(1,326,470)</u>
Net (decrease)/increase in cash and cash equivalents	(2,885,136)	2,182,617
Cash and cash equivalents at beginning of year	<u>7,233,134</u>	<u>5,050,517</u>
Cash and cash equivalents at end of year	<u>4,347,998</u>	<u>7,233,134</u>

The notes on pages 17 to 28 form part of these financial statements.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements

Year ended 31 October 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 6 Clinton Avenue, Nottingham, NG5 1AW.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	33% straight line

Assets on finance leases are depreciated over the life of the lease.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>25,708,097</u>	<u>24,863,035</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2021	2020
	£	£
Government grant income	<u>68,105</u>	<u>406,389</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	37,066	57,652
(Gains)/loss on disposal of tangible assets	(2,986)	1,189
Impairment of trade debtors	–	223,049
Operating lease rentals	82,902	67,263
Foreign exchange differences	<u>(2,200)</u>	<u>–</u>

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>17,000</u>	<u>17,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	73	89
Administrative staff	11	13
Management staff	5	4
	<u>89</u>	<u>106</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	3,833,580	4,117,523
Social security costs	433,923	457,927
Other pension costs	159,000	177,080
	<u>4,426,503</u>	<u>4,752,530</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	642,463	538,300
Company contributions to defined contribution pension plans	57,460	89,688
	<u>699,923</u>	<u>627,988</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>4</u>	<u>3</u>

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

9. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	201,726	247,070
Company contributions to defined contribution pension plans	31,625	84,379
	<u>233,351</u>	<u>331,449</u>

10. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	108	6,303

11. Interest payable and similar expenses

	2021	2020
	£	£
Interest on obligations under finance leases and hire purchase contracts	6,207	2,774
Other interest payable and similar charges	–	702
	<u>6,207</u>	<u>3,476</u>

12. Tax on profit

Major components of tax expense/(income)

	2021	2020
	£	£
Current tax:		
UK current tax expense	793,287	641,096
Adjustments in respect of prior periods	–	(1,448,014)
Total current tax	<u>793,287</u>	<u>(806,918)</u>
Deferred tax:		
Origination and reversal of timing differences	(4,953)	2,670
Tax on profit	<u>788,334</u>	<u>(804,248)</u>

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

12. Tax on profit *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	4,134,085	3,372,437
Profit on ordinary activities by rate of tax	793,287	641,096
Adjustment to tax charge in respect of prior periods	–	(1,448,014)
Effect of capital allowances and depreciation	(4,953)	2,670
Tax on profit	<u>788,334</u>	<u>(804,248)</u>

13. Dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>3,000,000</u>	<u>1,750,000</u>

14. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 November 2020	45,008	46,267	76,245	111,313	278,833
Additions	724	3,378	–	6,713	10,815
Disposals	–	–	(28,166)	–	(28,166)
At 31 October 2021	<u>45,732</u>	<u>49,645</u>	<u>48,079</u>	<u>118,026</u>	<u>261,482</u>
Depreciation					
At 1 November 2020	20,110	25,715	40,505	78,434	164,764
Charge for the year	5,125	4,787	4,242	22,912	37,066
Disposals	–	–	(9,390)	–	(9,390)
At 31 October 2021	<u>25,235</u>	<u>30,502</u>	<u>35,357</u>	<u>101,346</u>	<u>192,440</u>
Carrying amount					
At 31 October 2021	<u>20,497</u>	<u>19,143</u>	<u>12,722</u>	<u>16,680</u>	<u>69,042</u>
At 31 October 2020	<u>24,898</u>	<u>20,552</u>	<u>35,740</u>	<u>32,879</u>	<u>114,069</u>

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

15. Debtors

	2021	2020
	£	£
Trade debtors	6,964,604	5,786,902
Prepayments and accrued income	22,924	25,721
Other debtors	906,929	863,265
	<u>7,894,457</u>	<u>6,675,888</u>

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	2,161,085	3,836,442
Accruals and deferred income	767,135	818,763
Corporation tax	793,287	641,096
Social security and other taxes	473,788	624,681
Amounts owed to customers on construction contracts	1,745,872	2,056,149
Obligations under finance leases and hire purchase contracts	–	5,785
Directors loan account	–	479
Other creditors - Pension	2,517	1,325
	<u>5,943,684</u>	<u>7,984,720</u>

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

	2021	2020
	£	£
Obligations under finance leases and hire purchase contracts	–	<u>11,356</u>

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	–	5,785
Later than 1 year and not later than 5 years	–	<u>11,356</u>
	–	<u>17,141</u>

The finance leases are secured by the lessors' title to the leased assets which have a carrying value of £nil (2020 : £18,776).

The directors consider that the carrying amount of the obligations under finance leases approximate to their fair value.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

19. Provisions

	Deferred tax (note 20) £
At 1 November 2020	17,911
Transfers	(4,953)
At 31 October 2021	<u>12,958</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 19)	<u>12,958</u>	<u>17,911</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	<u>12,958</u>	<u>17,911</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £101,540 (2020: £87,392).

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>68,105</u>	<u>406,389</u>

23. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

24. Analysis of changes in net debt

	At 1 Nov 2020	Cash flows	At 31 Oct 2021
	£	£	£
Cash at bank and in hand	7,233,134	(2,885,136)	4,347,998
Debt due within one year	(5,785)	5,785	–
Debt due after one year	(11,356)	11,356	–
	<u>7,215,993</u>	<u>(2,867,995)</u>	<u>4,347,998</u>

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	55,853	47,797
Later than 1 year and not later than 5 years	44,417	40,190
	<u>100,270</u>	<u>87,987</u>

26. Contingencies

L.A.C. Conveyor Systems Limited is currently involved in a dispute regarding the construction of a conveyor system. The dispute is in its early stages and therefore no verifiable figures can be determined.

L.A.C Conveyor Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2021

27. Related party transactions

The company is controlled by the directors.

The directors have lent money to the company on an interest free unsecured basis. The amount outstanding on this loan at the year end was £nil (2020 : £479).

Included in trade creditors are amounts owed by directors totalling £2,349 (2020 : £506). The transactions relate to business expenses which have been recognised in the accounts.

During the year, the company bought goods totalling £1,595,495 from Holloway Control Systems Limited. A company which Mr C Unwin became a director during the year. As at 31 October 2021 the amount outstanding to Holloway Control Systems Limited amounted to £226,812. The transactions were purchased on normal business terms.

During the year, the company bought goods totalling £105,742 from Fastlok Manufacturing Limited. A company which Mr C Unwin became a director during the year. As at 31 October 2021 the amount outstanding to Fastlok Manufacturing Limited amounted to £338. The transactions were purchased on normal business terms. Included in other debtors is an amount outstanding to Fastlok Manufacturing Limited for £44,640 (2020 : £nil). The amount is repayable on demand and interest free.

During the year, the company bought goods totalling £1,126 from Plastic Profiling Specialists Limited. A company which Mr C Unwin was a director during the year. As at 31 October 2021 the amount outstanding to Plastic Profiling Specialists Limited amounted to £nil. The transactions were purchased on normal business terms.

28. Controlling party

The company is a wholly owned subsidiary undertaking of Vale Manufacturing Limited, a company registered in England and Wales.

L.A.C Conveyor Systems Limited

Management Information

Year ended 31 October 2021

The following pages do not form part of the financial statements.

L.A.C Conveyor Systems Limited

Detailed Income Statement

Year ended 31 October 2021

	2021	2020
	£	£
Turnover	25,708,097	24,863,035
Cost of sales		
Purchases	14,824,809	14,201,423
Small tools and consumables	20,703	16,822
Sales commissions	125,998	163,078
Wages and salaries	3,056,573	3,404,734
Social security costs	342,442	374,124
Pension costs - defined contribution	90,716	83,301
Subcontractor costs	848,205	1,065,124
	<u>19,309,446</u>	<u>19,308,606</u>
Gross profit	6,398,651	5,554,429
Overheads		
Distribution costs	240,581	232,469
Administrative expenses	2,085,991	2,358,739
	<u>2,326,572</u>	<u>2,591,208</u>
Other operating income	68,105	406,389
Operating profit	<u>4,140,184</u>	<u>3,369,610</u>
Other interest receivable and similar income	108	6,303
Interest payable and similar expenses	(6,207)	(3,476)
Profit before taxation	<u><u>4,134,085</u></u>	<u><u>3,372,437</u></u>

L.A.C Conveyor Systems Limited

Notes to the Detailed Income Statement

Year ended 31 October 2021

	2021 £	2020 £
Distribution costs		
Freight and carriage	<u>240,581</u>	<u>232,469</u>
Administrative expenses		
Directors salaries	572,333	476,834
Directors national insurance contributions	70,130	61,466
Directors pension contributions	57,460	89,688
Administrative staff salaries	204,674	235,955
Staff national insurance contributions	21,351	22,337
Staff pension contributions - defined contribution	10,824	4,091
Rent rates and water	258,904	216,027
Light and heat	59,544	34,896
Insurance	7,012	2,566
Repairs and maintenance	32,434	13,618
Motor expenses	49,096	34,144
Travel, accommodation and subsistence	230,272	171,624
Hire costs	1,951	46,693
Telephone	16,094	12,931
Printing postage and stationery	5,982	4,964
Sundry expenses	32,870	26,027
Charitable donations	500	-
Insurance	31,738	36,667
Computer consumables	72,932	52,448
Recruitment fees	22,677	63,110
Licence fees	50,929	14,393
Advertising and marketing	52,289	15,814
Legal and professional fees	78,629	323,688
Bookkeeping services	-	11,364
Accountancy fees	10,534	17,728
Auditors remuneration	17,000	17,000
Depreciation of tangible assets	37,066	57,652
(Gain)/loss on disposal of tangible assets	(2,986)	1,189
Bad debts written off	-	223,049
Vehicle operating lease payments	82,902	67,263
Bank charges	3,050	3,513
Foreign currency gains/losses	(2,200)	-
	<u>2,085,991</u>	<u>2,358,739</u>
Other operating income		
Government grants recognised directly in income	<u>68,105</u>	<u>406,389</u>
Other interest receivable and similar income		
Interest on cash and cash equivalents	<u>108</u>	<u>6,303</u>

L.A.C Conveyor Systems Limited

Notes to the Detailed Income Statement *(continued)*

Year ended 31 October 2021

	2021	2020
	£	£
Interest payable and similar expenses		
Interest on hire purchase and finance lease contracts	6,207	2,774
Other interest payable and similar charges	—	702
	<u>6,207</u>	<u>3,476</u>