

**STRATEGIC REPORT,  
REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023  
FOR  
SARGINSONS INDUSTRIES LIMITED**

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for the year ended 31 March 2023**

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**SARGINSONS INDUSTRIES LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 March 2023**

**DIRECTOR:** T M Nunan

**REGISTERED OFFICE:** Torrington Avenue  
Coventry  
West Midlands  
CV4 9AG

**REGISTERED NUMBER:** 00541560 (England and Wales)

**AUDITORS:** Luckmans Duckett Parker Limited  
Chartered Accountants  
Statutory Auditors  
1110 Elliott Court  
Herald Avenue  
Coventry Business Park  
Coventry  
West Midlands  
CV5 6UB

**STRATEGIC REPORT  
for the year ended 31 March 2023**

The director presents his strategic report for the year ended 31 March 2023.

**REVIEW OF BUSINESS**

The year, with turnover up 30%, gross margins up 7% and a record net profit, saw the first benefits of Sarginsons world leading Digital Twin technology. This technology allows designers, requiring mechanically strong cast aluminium components, to accurately simulate TYE strength at any point across the entire form of the casting. A huge step forward in casting technology, particularly for the EV and aerospace markets.

2024 will see this technology developed further with the introduction of true topological optimisation for cast components and the development of secondary aluminium alloys capable of offering the same mechanical strength as primary aluminium. Again, breakthrough technologies that further reduces costs, weight and environmental impact.

The benefits of this technology driven growth can already be seen as both the factory and technology centre are at full capacity for 2024. With new and late-stage enquiries at record levels and a PR driven global launch of the new technology, scheduled for January 2024, the biggest problem the company perceives is a possible lack of capacity in terms of space and labour.

Planned investment in 2024, which is already financed, will significantly increase capacity and margins in the third quarter, which should allow the company to benefit from this record level of new business. Labour is difficult, as is finding new premises, but increased automation facilitated by the increased investment should help overcome these constraints.

The changes in the R&D tax credit may reduce the rebate earned but with further significant R&D spend and no cash settlement discount, it is felt the tax credit claimed will be reduced but not substantially: the R&D Tax Credit changes should affect those companies developing existing products, rather than researching new technology as is the case with Sarginsons Industries

The current financial year 23/24 is well ahead of 22/23 with cash, orders and margins all much stronger. This should enable debt to be substantially reduced throughout the year and cost reductions to be had from bulk or cash purchasing. Looking further ahead it is felt the global launch of the new technology will underpin a substantial jump in turnover and profits, as new markets are opened, meaning the likely economic slowdown should not impact the company in any meaningful way.

**ACHIEVEMENTS OF KEY PERFORMANCE INDICATORS**

	<b>2023</b>	<b>2022</b>
Gross profit margin	27.0%	19.6%
Return on Capital Employed	12.3%	(19.2)%
EBITDA / Sales	6.9%	(0.4)%

**ON BEHALF OF THE BOARD:**

T M Nunan - Director

5 October 2023

**REPORT OF THE DIRECTOR  
for the year ended 31 March 2023**

The director presents his report with the financial statements of the company for the year ended 31 March 2023.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of aluminium diecasters.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2023.

**DIRECTOR**

T M Nunan held office during the whole of the period from 1 April 2022 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

T M Nunan - Director

5 October 2023

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SARGINSONS INDUSTRIES LIMITED**

### **Opinion**

We have audited the financial statements of Sarginsons Industries Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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**

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SARGINSONS INDUSTRIES 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 Director.

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

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

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SARGINSONS INDUSTRIES LIMITED**

### **Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Enquiring of management and employees, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks applicable to the company based on our understanding of the company and sector experience and discussions with management. The most significant considerations for the company are the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety and the Bribery Act 2010.

We carried out discussions among the engagement team, who also undertook the audit testing, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of these discussions, we identified potential for fraud in the following areas:

- management override of control; and
- revenue recognition, particularly in respect of delivery of goods

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- We reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SARGINSONS INDUSTRIES LIMITED**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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.

Ashwani Rishiraj (Senior Statutory Auditor)  
for and on behalf of Luckmans Duckett Parker Limited  
Chartered Accountants  
Statutory Auditors  
1110 Elliott Court  
Herald Avenue  
Coventry Business Park  
Coventry  
West Midlands  
CV5 6UB

5 October 2023

**STATEMENT OF COMPREHENSIVE  
INCOME**  
for the year ended 31 March 2023

	Notes	Year Ended 31.3.23		Period 1.12.20 to 31.3.22	
		£	£	£	£
<b>TURNOVER</b>	3		11,631,433		11,682,127
Cost of sales			<u>8,487,471</u>		<u>9,387,143</u>
<b>GROSS PROFIT</b>			<u>3,143,962</u>		<u>2,294,984</u>
Distribution costs		507,187		502,785	
Administrative expenses		<u>2,322,785</u>		<u>3,119,950</u>	
			<u>2,829,972</u>		<u>3,622,735</u>
			313,990		(1,327,751)
Other operating income			<u>72,404</u>		<u>822,442</u>
<b>OPERATING PROFIT/(LOSS)</b>	5		<u>386,394</u>		<u>(505,309)</u>
Interest receivable and similar income			-		92
			<u>386,394</u>		<u>(505,217)</u>
Interest payable and similar expenses	6		<u>157,908</u>		<u>166,074</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			<u>228,486</u>		<u>(671,291)</u>
Tax on profit/(loss)	7		<u>(731,940)</u>		<u>(616,301)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>			<u>960,426</u>		<u>(54,990)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			-		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>960,426</u>		<u>(54,990)</u>

The notes form part of these financial statements

**SARGINSONS INDUSTRIES LIMITED (REGISTERED NUMBER: 00541560)**

**BALANCE SHEET  
31 March 2023**

	Notes	2023 £	£	2022 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		80,040		112,613
Tangible assets	9		<u>1,815,149</u>		<u>2,061,001</u>
			1,895,189		2,173,614
<b>CURRENT ASSETS</b>					
Stocks	10	1,529,003		1,340,476	
Debtors	11	2,988,988		2,916,985	
Cash at bank and in hand		<u>89,141</u>		<u>145,209</u>	
		4,607,132		4,402,670	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>3,359,769</u>		<u>3,938,636</u>	
<b>NET CURRENT ASSETS</b>			<u>1,247,363</u>		<u>464,034</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,142,552		2,637,648
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(999,190)		(1,409,679)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(325,673)</u>		<u>(370,706)</u>
<b>NET ASSETS</b>			<u>1,817,689</u>		<u>857,263</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		750		750
Retained earnings	19		<u>1,816,939</u>		<u>856,513</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,817,689</u>		<u>857,263</u>

The financial statements were approved by the director and authorised for issue on 5 October 2023 and were signed by:

T M Nunan - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 December 2020</b>	750	911,503	912,253
<b>Changes in equity</b>			
Total comprehensive income	-	(54,990)	(54,990)
<b>Balance at 31 March 2022</b>	<u>750</u>	<u>856,513</u>	<u>857,263</u>
<b>Changes in equity</b>			
Total comprehensive income	-	960,426	960,426
<b>Balance at 31 March 2023</b>	<u>750</u>	<u>1,816,939</u>	<u>1,817,689</u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2023**

**1. STATUTORY INFORMATION**

Sarginsons Industries 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.

The director has prepared cashflow forecasts and projections, which demonstrate that the company will be able to operate within its financing facilities for the foreseeable future and it is therefore appropriate to use the going concern basis of accounting in preparing the annual financial statements.

Trading to year end 2023 is ahead of that to March 2023 and, with strong growth in high margin orders and significant productivity gains, the trading forecast for the year to March 24 and beyond looks much improved.

The key driver behind the company's prospects is the introduction, during 2021, of the world's first digital twin simulation for aluminium casting. This technology, described as the biggest step forward in casting technology for 30 years, releases the full potential of topological optimisation, smart tooling and DfM leading to huge saving in time, materials and money. With a 100% lead conversion rate the stage is set for substantial increases in pricing and orders across all divisions of the company as a consequence. Sarginsons is now a technology company more than it is an aluminium foundry but, as one drives the other, both will underpin rapid growth in margins and turnover for years to come.

The company has repaid 55% of its CBIL loan on schedule whilst reducing exposure to invoice financiers and reducing trade creditors. With several HP contracts having come to an end the company's ability to cover debt repayments and rising interest rates is greatly improved so no difficulties in meeting debt obligations are expected despite most debt being variable rate.

Energy contracts are signed through to March 2025 at 2021 prices, with 25% headroom, so this is more a competitive advantage than a weakness. All sale contracts are underwritten by automatic metal escalators so there is no exposure to movements in aluminium prices. Wages will rise but increased turnover makes the use of robotics viable so productivity and overall wage costs should improve. Staff shortages are an issue, particularly of engineers, but increased productivity, pricing and the recession should help.

A global recession during 23/24 is very possible but the company does not believe that it will be affected because it's clients are predominately in the electric and uber luxury car markets.

As a consequence of the above the board is confident is saying that there are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern and currently feel the company has never been in a better place.

**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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

**Turnover**

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

2. ACCOUNTING POLICIES - continued

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of twenty years.

**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 five 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.

Plant and machinery	- 10% on cost
Fixtures and fittings	- 33% on cost and 10% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 33% on cost

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**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 Statement of Comprehensive Income, 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.

**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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 March 2023

**2. ACCOUNTING POLICIES - continued****Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**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 profit or loss 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.

**Financial instruments**

The company measures long term loans at their net present value based on appropriate interest rate for borrowings between group companies. The difference between cash received and the net present value is shown as a capital contribution to reserves.

**3. TURNOVER**

The turnover and profit (2022 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
United Kingdom	10,671,795	11,080,763
Europe	577,644	530,055
United States of America	381,994	71,309
	<u>11,631,433</u>	<u>11,682,127</u>

**4. EMPLOYEES AND DIRECTORS**

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Wages and salaries	2,804,335	3,374,473
Social security costs	297,374	340,023
Other pension costs	79,001	96,470
	<u>3,180,710</u>	<u>3,810,966</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

4. **EMPLOYEES AND DIRECTORS - continued**

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

	Year Ended 31.3.23	Period 1.12.20 to 31.3.22
Directors	1	1
Management	9	8
Production	60	56
Design and administration	15	19
	<u>85</u>	<u>84</u>

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Director's remuneration	26,708	16,000
Director's pension contributions to money purchase schemes	<u>801</u>	<u>480</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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5. **OPERATING PROFIT/(LOSS)**

The operating profit (2022 - operating loss) is stated after charging:

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Depreciation - owned assets	234,704	266,570
Depreciation - assets on hire purchase contracts	151,361	154,268
Goodwill amortisation	5	7
Computer software amortisation	32,568	43,201
Auditors' remuneration	25,975	30,359
Foreign exchange differences	32,286	17,696
Research and development expenditure	<u>3,967,493</u>	<u>3,337,305</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 March 2023

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Bank loan interest	18,865	20,536
Factoring interest	116,555	56,320
Other interest	(15,365)	39,185
Other financing	5,075	4,961
Hire purchase	<u>32,778</u>	<u>45,072</u>
	<u>157,908</u>	<u>166,074</u>

**7. TAXATION****Analysis of the tax credit**

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

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Current tax:		
UK corporation tax	(686,907)	(848,760)
Adjustments in respect of prior periods	-	122,547
Total current tax	<u>(686,907)</u>	<u>(726,213)</u>
Deferred tax	<u>(45,033)</u>	<u>109,912</u>
Tax on profit/(loss)	<u>(731,940)</u>	<u>(616,301)</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:

	Year Ended 31.3.23 £	Period 1.12.20 to 31.3.22 £
Profit/(loss) before tax	<u>228,486</u>	<u>(671,291)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	43,412	(127,545)
Effects of:		
Expenses not deductible for tax purposes	(567)	9,064
Adjustments to tax charge in respect of previous periods	-	122,547
Research & Development enhanced expenditure	(979,971)	(824,314)
Effect of surrender of losses for a tax credit	213,178	263,408
Capital grants received	-	(8,525)
Super deduction capital allowances	<u>(7,992)</u>	<u>(50,936)</u>
Total tax credit	<u>(731,940)</u>	<u>(616,301)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 March 2023

**8. INTANGIBLE FIXED ASSETS**

	Goodwill £	Computer software £	Totals £
<b>COST</b>			
At 1 April 2022 and 31 March 2023	<u>100</u>	<u>161,050</u>	<u>161,150</u>
<b>AMORTISATION</b>			
At 1 April 2022	57	48,480	48,537
Amortisation for year	<u>5</u>	<u>32,568</u>	<u>32,573</u>
At 31 March 2023	<u>62</u>	<u>81,048</u>	<u>81,110</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>38</u>	<u>80,002</u>	<u>80,040</u>
At 31 March 2022	<u>43</u>	<u>112,570</u>	<u>112,613</u>

**9. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 April 2022	3,467,919	31,731	19,147	229,534	3,748,331
Additions	<u>137,381</u>	<u>495</u>	<u>-</u>	<u>2,337</u>	<u>140,213</u>
At 31 March 2023	<u>3,605,300</u>	<u>32,226</u>	<u>19,147</u>	<u>231,871</u>	<u>3,888,544</u>
<b>DEPRECIATION</b>					
At 1 April 2022	1,509,296	21,189	19,147	137,698	1,687,330
Charge for year	<u>333,895</u>	<u>2,369</u>	<u>-</u>	<u>49,801</u>	<u>386,065</u>
At 31 March 2023	<u>1,843,191</u>	<u>23,558</u>	<u>19,147</u>	<u>187,499</u>	<u>2,073,395</u>
<b>NET BOOK VALUE</b>					
At 31 March 2023	<u>1,762,109</u>	<u>8,668</u>	<u>-</u>	<u>44,372</u>	<u>1,815,149</u>
At 31 March 2022	<u>1,958,623</u>	<u>10,542</u>	<u>-</u>	<u>91,836</u>	<u>2,061,001</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

9. TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £	Computer equipment £	Totals £
<b>COST</b>			
At 1 April 2022	1,136,686	129,306	1,265,992
Transfer to ownership	(60,150)	(57,201)	(117,351)
At 31 March 2023	<u>1,076,536</u>	<u>72,105</u>	<u>1,148,641</u>
<b>DEPRECIATION</b>			
At 1 April 2022	154,988	48,784	203,772
Charge for year	111,664	39,697	151,361
Transfer to ownership	(24,518)	(52,429)	(76,947)
At 31 March 2023	<u>242,134</u>	<u>36,052</u>	<u>278,186</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>834,402</u>	<u>36,053</u>	<u>870,455</u>
At 31 March 2022	<u>981,698</u>	<u>80,522</u>	<u>1,062,220</u>

In addition to the above assets identified as being held under hire purchase contracts, the company also used other fixed assets as security to obtain finance of £100,000 (prior to 2022 £132,865). As at 31 March 2023 £94,444 (2022 - £19,537) of this finance remained outstanding.

10. STOCKS

	2023 £	2022 £
Raw materials	124,181	112,509
Work-in-progress	873,465	622,859
Finished goods	531,357	605,108
	<u>1,529,003</u>	<u>1,340,476</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	1,607,807	1,840,848
Other debtors	362,373	161,899
Directors' current accounts	61,339	1,883
Tax	686,907	848,760
Prepayments and accrued income	270,562	63,595
	<u>2,988,988</u>	<u>2,916,985</u>

Included within trade debtors are balances totalling £1,607,807 (2022 - £1,840,848) that are subject to discounting arrangements. The trade debtor balances have been transferred to the counterpart, though the transaction does not qualify for derecognition on the basis that the reward is retained by the company. The associated liability recognised in other creditors is £1,266,533 (2022 - £1,330,196).

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 14)	208,000	415,947
Hire purchase contracts (see note 15)	247,321	253,326
Trade creditors	1,014,307	1,172,421
Social security and other taxes	74,181	193,144
VAT	300,548	258,693
Other creditors	1,304,933	1,392,925
Accruals and deferred income	192,739	224,798
Deferred government grants	17,740	27,382
	<u>3,359,769</u>	<u>3,938,636</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans (see note 14)	326,826	281,250
Hire purchase contracts (see note 15)	423,967	581,862
Amounts owed to group undertakings	181,373	201,822
Social security and other taxes	-	117,077
VAT	-	144,545
Deferred government grants	67,024	83,123
	<u>999,190</u>	<u>1,409,679</u>

Deferred government grants:

	2023	2022
	£	£
Brought forward deferred government grants relating to capital expenditure	110,505	115,575
Capital expenditure grants received during the year deferred	-	32,506
Released to Statement of Comprehensive Income during the year	(25,741)	(37,576)
Carried forward deferred government grants relating to capital expenditure	<u>84,764</u>	<u>110,505</u>

	2023	2022
	£	£
Capital expenditure grants released from deferred income during the year	25,741	37,576
Revenue grants received during the year	7,427	736,594
Total government grant income recognised in the Statement of Comprehensive Income	<u>33,168</u>	<u>774,170</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>208,000</u>	<u>415,947</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

14. **LOANS - continued**

	2023 £	2022 £
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>295,576</u>	<u>125,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>31,250</u>	<u>156,250</u>

As at 31 March 2023 a bank loan of £253,576 (2022 - £290,947) is due to be repaid over 22 months (2022 - 8 months). Interest is charged at 3.85% above the banks base rate.

Repayments of a £500,000 bank loan commenced 13 months after the date on which the loan was drawn. The loan is now being repaid over 4 years. Interest is charged at 3.48% above the banks base rate, with no interest charged during the first 12 months. As at 31st March 2023 £281,250 (27 months) (2022 - £ (£406,250 (39 months)) was outstanding.

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2023	2022
	£	£
Net obligations repayable:		
Within one year	247,321	253,326
Between one and five years	<u>423,967</u>	<u>581,862</u>
	<u>671,288</u>	<u>835,188</u>
	Non-cancellable	operating leases
	2023	2022
	£	£
Within one year	83,799	57,788
Between one and five years	<u>173,366</u>	<u>62,266</u>
	<u>257,165</u>	<u>120,054</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023

16. SECURED DEBTS

The following secured debts are included within creditors:

	2023 £	2022 £
Bank loans	534,826	697,197
Hire purchase contracts	671,288	835,188
Other creditors	1,266,533	1,330,196
Amounts owed to group	<u>190,373</u>	<u>201,822</u>
	<u>2,663,020</u>	<u>3,064,403</u>

Bank loans of £253,576 (2022 - £290,947) are secured by an all assets debenture. Bank loans of £281,250 (2022 - £406,250) are secured by an all assets debenture in the name of Sarginsons Industries Limited, an all assets debenture in the name of Nu-Cents Limited, a fellow subsidiary company, and a Freehold 2nd legal charge over the company's business premises. Hire purchase contracts are secured by an all assets debenture. Other creditors are secured by an all assets debenture. Amounts owed to group undertakings are secured by a fixed and floating charge over the assets of the company.

17. PROVISIONS FOR LIABILITIES

	2023 £	2022 £
Deferred tax		
Accelerated capital allowances	<u>325,673</u>	<u>370,706</u>
		Deferred tax £
Balance at 1 April 2022		370,706
Credit to Statement of Comprehensive Income during year		<u>(45,033)</u>
Balance at 31 March 2023		<u>325,673</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2023 £	2022 £
Number:	Class:	Nominal value:		
750	Ordinary	£1	<u>750</u>	<u>750</u>

19. RESERVES

	Retained earnings £
At 1 April 2022	856,513
Profit for the year	<u>960,426</u>
At 31 March 2023	<u>1,816,939</u>

20. PENSION COMMITMENTS

Included in other creditors is £15,226 (2022 - £16,365) of outstanding pension contributions.

**SARGINSONS INDUSTRIES LIMITED (REGISTERED NUMBER: 00541560)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2023**

**21. ULTIMATE PARENT COMPANY**

Nudation Limited is regarded by the director as being the company's ultimate parent company.

**22. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the year ended 31 March 2023 and the period ended 31 March 2022:

	2023	2022
	£	£
<b>T M Nunan</b>		
Balance outstanding at start of year	1,883	-
Amounts advanced	61,339	1,883
Amounts repaid	(1,883)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>61,339</u>	<u>1,883</u>

Interest is charged on this loan at the HMRC official rate of interest.

**23. ULTIMATE CONTROLLING PARTY**

The controlling party is T M Nunan.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.