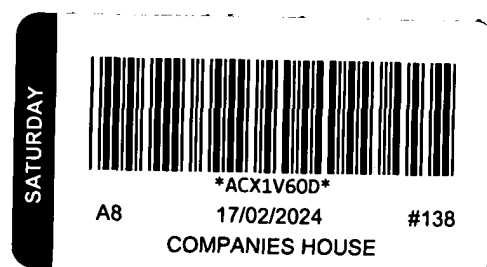


Company Registration No. 00173768 (England and Wales)

**GILBERT GILKES & GORDON LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2023**



# GILBERT GILKES & GORDON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	CWN Crewdson OBE VL Crewdson AW Poole KL Rowland
<b>Company number</b>	00173768
<b>Registered office</b>	Canal Head North Kendal Cumbria LA9 7BZ
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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# GILBERT GILKES & GORDON LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors present the strategic report for the year ended 30 September 2023.

#### Our Purpose

Our values-based approach has been shaped from a 165-year heritage as a family-owned business. We believe in developing ethical business relationships with a positive environmental focus that bring about long-term sustainable success. Our people are committed to ensuring that Gilkes' products make a meaningful difference and provide a platform for the transition to a low carbon economy.

#### Our Business Model

STRATEGY	BUSINESS MODEL		
<b>What we do...</b>	<b>Client Acquisition &amp; Development</b>	<b>Project Delivery</b>	<b>Product Life-Cycle Management</b>
We leverage opportunities through our expertise, dedication and agility	<ul style="list-style-type: none"> <li>Our customer-facing teams build and maintain a dialogue with clients based on openness and transparency</li> </ul>	<ul style="list-style-type: none"> <li>Our aim is to deliver projects 100% on-time-in-full</li> <li>A formal approach exists to ensure the best use of resources and competencies to achieve delivery at the required time, cost and quality</li> </ul>	<ul style="list-style-type: none"> <li>We actively manage and support our products as they transition through their life cycle</li> </ul>
<b>How we do it...</b>	<b>Customer Service</b>	<b>Focus on Productivity</b>	<b>Expanded Offerings</b>
We continually improve our products and services to support our customer's success	<ul style="list-style-type: none"> <li>We build and maintain our customer relationships based on ethical behaviour and doing what we said we would do</li> <li>When required by our customers, we go the extra mile without question</li> <li>We stand by our products</li> </ul>	<ul style="list-style-type: none"> <li>Business Excellence is embedded throughout the organisation</li> <li>We critically review our end-to-end business processes to eliminate non value-added practices</li> </ul>	<ul style="list-style-type: none"> <li>Expanding our product offerings to meet our customer's needs</li> <li>Offering solutions with unique value propositions</li> </ul>
<b>Our competitive advantage...</b>	<b>Our People</b>	<b>Our Processes</b>	<b>Our Agility</b>
We strive to maintain a high-performance workplace for our employees to excel	<ul style="list-style-type: none"> <li>We believe our people are the ultimate differentiator</li> <li>We are working to create a culture of empowerment and achievement</li> </ul>	<ul style="list-style-type: none"> <li>High productivity is a competitive advantage</li> <li>Our processes are designed and managed to optimise stakeholder value</li> </ul>	<ul style="list-style-type: none"> <li>We use mechanisms to identify changes in the external environment and translate these into potential opportunities</li> <li>We are continually developing our technology portfolio to meet these opportunities</li> </ul>

# GILBERT GILKES & GORDON LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### Highlights of 2022-23

**Nov 2022 Supplier On Time Delivery Award**

In November 2022 we were proud to be awarded 'Best Supplier On Time Delivery – EAME Region' by Cummins in recognition of our outstanding on time delivery achievement with this customer.

**Feb 2023 IFS ERP upgrade**

The upgrade to IFS Applications 10 was finalised in the year, bringing new functionality and the opportunity to improve processes and efficiency in many areas.

**Jul 2023 Knoydart Renewables collaboration**

July 2023 saw the successful completion of a project to modernise hydropower equipment at a remote site in Knoydart, Scotland which is not connected to the National Grid. The installation provides energy security to this remote community and will help drive economic regeneration in the area.

**Sep 2023 Gilkes Inc - Supplier Excellence Award**

In September 2023 the team at Gilkes Inc were presented with the Caterpillar Supplier Excellence Award in recognition of outstanding performance with 100% on time delivery and no quality issues over 12 consecutive months.

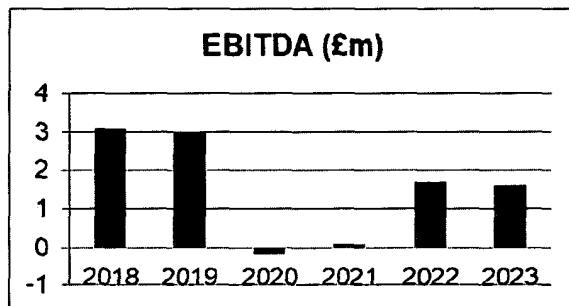
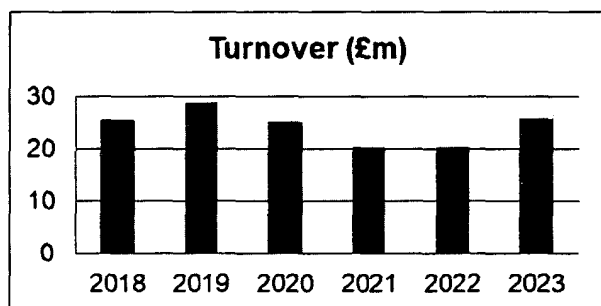
#### Looking forward to 2023-24

In November 2023 we were delighted to win the British Hydropower Association 'Historic Renovation Award' which showcases exceptional efforts in restoring and revitalizing historic hydropower sites. Over a two year period Gilkes completed a full refurbishment of a 90 year old turbine in an 18th century building at a UNESCO World heritage site, New Lanark Mills in Glasgow.

After extensive capability studies in 2023, the project to upgrade our shop floor machine tools to the latest Mazak equipment is underway with orders for five 3-axis CNC lathes and three horizontal machining centre being placed in November 2023 at a cost of c£2m. The project is expected to run until the Summer of 2025 with the first lathe being delivered in March 2024. The investment will improve manufacturing efficiencies by significantly reducing machine set-up times and offer a more versatile manufacturing capability.

#### Performance Review

The Group has delivered an excellent financial performance against a backdrop of global economic difficulty. Revenues have increased by 27.8% to £25.9m (2022: £20.3m) with growth in both the UK and USA businesses and across all markets.



The engine cooling pump business has enjoyed an exceptional year with revenue growth of 28%. Increased volumes have been achieved in both the new pump and aftermarket sectors, with the majority of the growth deriving from the marine, rail and power generation applications. As anticipated, the demand for lube oil pumps to refurbish traditional power stations has accelerated. Revenues from this product line have increased 450% year on year and strong demand is expected until early 2025.

# GILBERT GILKES & GORDON LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### Performance Review (continued)

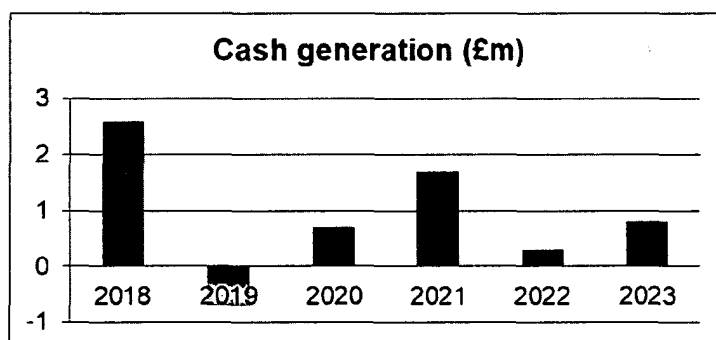
The hydropower sector has also generated improved revenues with a 39% increase despite mixed conditions. The market for new hydro power schemes remains slow globally, reflecting a weak appetite for capital investment projects and generally low Feed-in-Tariff incentives. Conversely, opportunities for scheme modernisation and after-sales services continue to be buoyant with scheme owners looking to upgrade plant efficiency and limit downtime with preventative maintenance. This sector will remain a strategic focus area in coming years.

Gross profits in 2023 have been eroded by cost overruns on some hydropower contracts, with the overall margin decreasing from 40% (2022) to 37% (2023). Cost price inflation will continue to be a factor in 2023-24 although raw material prices are currently less volatile.

Group overheads have returned to 2021 levels, increasing by £1.6m year on year with cost price inflation experienced across all overhead areas. Key drivers of the increase are the impact of higher headcount and annual pay awards totalling £0.5m and the change in the USD exchange rate £0.7m (2023 FX loss : £0.2m ; 2022: FX gain £0.5m).

Excluding the impact of currency fluctuations and depreciation, the Group recorded an operating profit of £1.8m (2022: £1.2m), equating to 7% of turnover (2022: 6.1%).

During the year the Group generated £0.8m of cash from operating activities and invested £0.3m in fixed assets. The remaining UK bank loan was redeemed in full (£0.5m) leaving the Group with no outstanding debt finance.



After taxation charges, the Group recorded a retained profit of £0.9m for the year, creating an increase in net assets from £15.4m (2022) to £16.1m (2023).

### Key Performance Indicators

At an operational level, the Board uses a range of quantitative financial and non-financial performance indicators reported on a monthly basis to monitor the Group's performance. The measures encompass the four key areas of our strategy to drive performance improvements against our financial, customer service, business process and people orientated business objectives. The financial measures include profitability in terms of gross margin and return on sales, revenue growth (orders booked versus invoiced sales) and use of capital (inventory turns and return on capital employed). Non-financial metrics measure our product quality, delivery performance, employee retention rates and skills acquisition.

# GILBERT GILKES & GORDON LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### Risk Management

The Board believe that identifying our principal risks and uncertainties that may threaten Gilkes' business model or future performance, is vital to the on-going success of the business. The Board approves the risk appetite and tolerance levels and reviews the effectiveness of the risk management system. Risks are categorised based upon likelihood and potential impact.

RISK MATRIX		IMPACT				
		INSIGNIFICANT	MARGINAL	MODERATE	CRITICAL	CATASTROPHIC
LIKELIHOOD	UNLIKELY	Low	Low	Low	Medium	High
	SELDOM	Low	Low	Medium	High	Extreme
	OCCASIONAL	Low	Medium	High	High	Extreme
	LIKELY	Low	High	High	Extreme	Extreme
	DEFINITE	Low	High	High	Extreme	Extreme

Key risks facing the Group are:

#### 1. Cyber Security

Failure of IT systems, including ineffective functionality and/or performance, data integrity & cyber security

Risk Rating	Potential Impact	Potential Causes	Mitigation/controls
<b>Extreme</b>	<ul style="list-style-type: none"> <li>Loss of critical systems or data</li> <li>Breach of personal information</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Cyber-attack, viruses</li> <li>Hardware failure</li> </ul>	<ul style="list-style-type: none"> <li>Firewall</li> <li>Blended protection approach</li> <li>Become ISO 27001 compliant</li> </ul>

#### 2. Loss of key personnel

Loss of critical/core employees

Risk Rating	Potential Impact	Potential Causes	Mitigation/controls
<b>High</b>	<ul style="list-style-type: none"> <li>Loss of knowledge</li> <li>Impact on morale</li> <li>Increased recruitment cost</li> </ul>	<ul style="list-style-type: none"> <li>Lack of recognition/ advancement</li> <li>Poor pay, benefits or conditions</li> <li>Highly competitive labour market</li> </ul>	<ul style="list-style-type: none"> <li>Personal development plans for all employees</li> <li>Management training</li> <li>Succession planning</li> </ul>

### Treasury Policy

The Group finances its activities with cash reserves as disclosed in Note 25.

The Group enters into the appropriate currency transaction dependent upon the circumstance. The value of sterling compared to both the US dollar and the Euro are watched very closely by the Group and action taken when appropriate. In large US dollar denominated contracts, particularly for hydropower, the Group mitigates the risk by sourcing almost all the equipment and raw materials in North America.

### Creditor Payment Policy

The Group continues to strive to always pay its creditors on time and attaches great importance to honouring payment terms.

### Future Developments

The Group will continue with its strategy of developing its hydropower aftersales offering, looking for new opportunities in hydropower generation and efficient manufacture and continue to seek new customers for its range of diesel engine cooling pumps.

**GILBERT GILKES & GORDON LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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On behalf of the board

*K Rowland*

.....

KL Rowland

**Director**

Date: 15/02/24  
.....

# GILBERT GILKES & GORDON LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### **Principal activities**

The principal activity of the Company and Group continued to be that of the design and manufacture of engine cooling pumps and hydro-electric power solutions.

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

CWN Crewdson OBE  
VL Crewdson  
AW Poole  
KL Rowland

#### **Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-5.

The Group has considerable financial resources together with a portfolio of clients spread across different market sectors and geographical areas. Consequently, the Directors believe that the Group is well placed to manage its normal business risks successfully.

The Group operates a robust 24 month rolling forecast process which it utilises on a regular basis to evaluate possible scenarios arising from risks and opportunities facing the business. Detailed projections to September 2025 have been evaluated to test the financial resilience of the Group considering order pipeline, market conditions and cost pressures.

Whilst the Directors believe that market conditions in 2024 may present limited opportunities for significant growth, the stress testing of the Group's financial position indicates that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Results and dividends**

The results for the year are set out on page 12.

No ordinary dividends were paid (2022: £nil) in the year. The directors do not recommend payment of a final dividend.

#### **Employees**

Employees are kept fully informed about the performance of the business through monthly team briefings and quarterly presentations made to the whole Group.

#### **Research and development**

The Group continues to invest in research and development activities.

#### **Political and charitable contributions**

The Group made no political donations during the year and the total donations to charities were £5,180 (2022: £7,162).

#### **Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# GILBERT GILKES & GORDON LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### Strategic report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. This has been done with regard to business performance.

### Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each Director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*K Rowland*

.....  
KL Rowland

**Director**

Date: 15/02/24 .....

# **GILBERT GILKES & GORDON LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

Company law requires the Directors to prepare group and company 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 Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED

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## Opinion

We have audited the financial statements of Gilbert Gilkes & Gordon Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 group's and of the parent company's affairs as at 30 September 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent 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.

## 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 contained within the annual report. 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.

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 course of 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED (CONTINUED)**

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety Regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and reviewed the Health and Safety Executive's website for any enforcement notices issued to the group.

The group audit engagement team identified the risk of management override of controls, the valuation of warranty accruals, and cut off of revenue and accrued income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of warranty accruals, and assessing the operating effectiveness of controls relating to revenue, as well as performing substantive tests of detail.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Michael Oates*

Michael Oates CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE

.....  
15/02/24

# GILBERT GILKES & GORDON LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	25,917	20,286
Cost of sales		(16,260)	(12,112)
<b>Gross profit</b>		<b>9,657</b>	<b>8,174</b>
Distribution costs		(510)	(500)
Administrative expenses		(8,452)	(6,809)
Other operating income		340	234
<b>Operating profit</b>	<b>7</b>	<b>1,035</b>	<b>1,099</b>
Interest receivable and similar income	9	66	12
Interest payable and similar expenses	10	(8)	(29)
<b>Profit before taxation</b>		<b>1,093</b>	<b>1,082</b>
Tax on profit	11	(233)	(152)
<b>Profit for the financial year</b>		<b>860</b>	<b>930</b>
<b>Other comprehensive income net of taxation</b>			
Currency translation differences		(212)	463
<b>Total comprehensive income for the year</b>		<b>648</b>	<b>1,393</b>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

**GILBERT GILKES & GORDON LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2023**

	Notes	2023 £'000	£'000	2022 £'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		5,465		5,809
<b>Current assets</b>					
Stocks	15	2,924		2,566	
Debtors	16	6,021		5,752	
Cash at bank and in hand		7,009		7,124	
		<u>15,954</u>		<u>15,442</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,772)</u>		<u>(4,896)</u>	
<b>Net current assets</b>			11,182		10,546
<b>Total assets less current liabilities</b>			<u>16,647</u>		<u>16,355</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(254)		(581)
<b>Provisions for liabilities</b>	20		<u>(310)</u>		<u>(339)</u>
<b>Net assets</b>			<u>16,083</u>		<u>15,435</u>
<b>Capital and reserves</b>					
Called up share capital	22		1,333		1,333
Share premium account	23		117		117
Profit and loss reserves	23		<u>14,633</u>		<u>13,985</u>
<b>Total equity</b>			<u>16,083</u>		<u>15,435</u>

The financial statements were approved by the board of directors and authorised for issue on 15/02/24 and are signed on its behalf by:

*K Rowland*

KL Rowland  
Director

**GILBERT GILKES & GORDON LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2023**

	Notes	2023 £'000	£'000	2022 £'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		4,559		4,872
Investments	13		19		19
			<u>4,578</u>		<u>4,891</u>
<b>Current assets</b>					
Stocks	15	2,412		2,138	
Debtors	16	5,416		5,337	
Cash at bank and in hand		5,847		6,172	
		<u>13,675</u>		<u>13,647</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,202)</u>		<u>(4,717)</u>	
<b>Net current assets</b>			<u>9,473</u>		<u>8,930</u>
<b>Total assets less current liabilities</b>			14,051		13,821
<b>Creditors: amounts falling due after more than one year</b>	18		(254)		(581)
<b>Provisions for liabilities</b>	20		(310)		(339)
<b>Net assets</b>			<u>13,487</u>		<u>12,901</u>
<b>Capital and reserves</b>					
Called up share capital	22		1,333		1,333
Share premium account	23		117		117
Profit and loss reserves	23		12,037		11,451
<b>Total equity</b>			<u>13,487</u>		<u>12,901</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares Group accounts. The Company's profit for the year was £586,000 (2022: £719,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 15/02/24 and are signed on its behalf by:

*K Rowland*

KL Rowland  
Director

# GILBERT GILKES & GORDON LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 October 2021</b>	1,333	117	12,592	14,042
<b>Year ended 30 September 2022:</b>				
Profit for the year	-	-	930	930
Other comprehensive income net of taxation: Currency translation differences	-	-	463	463
Total comprehensive income for the year	-	-	1,393	1,393
<b>Balance at 30 September 2022</b>	1,333	117	13,985	15,435
<b>Year ended 30 September 2023:</b>				
Profit for the year	-	-	860	860
Other comprehensive income net of taxation: Currency translation differences	-	-	(212)	(212)
Total comprehensive income for the year	-	-	648	648
<b>Balance at 30 September 2023</b>	1,333	117	14,633	16,083

# GILBERT GILKES & GORDON LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 October 2021</b>	1,333	117	10,732	12,182
<b>Year ended 30 September 2022:</b>				
Profit and total comprehensive income for the year	-	-	719	719
<b>Balance at 30 September 2022</b>	1,333	117	11,451	12,901
<b>Year ended 30 September 2023:</b>				
Profit and total comprehensive income for the year	-	-	586	586
<b>Balance at 30 September 2023</b>	1,333	117	12,037	13,487

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# GILBERT GILKES & GORDON LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	24		821		304
Net interest			58		(18)
Income taxes (paid)/refunded			(209)		630
			<u>        </u>		<u>        </u>
<b>Net cash inflow from operating activities</b>			670		916
<b>Investing activities</b>					
Purchase of tangible fixed assets		(294)		(95)	
Proceeds on disposal of tangible fixed assets		-		44	
		<u>        </u>		<u>        </u>	
<b>Net cash used in investing activities</b>			(294)		(51)
<b>Financing activities</b>					
Repayment of bank loans		(480)		(288)	
		<u>        </u>		<u>        </u>	
<b>Net cash used in financing activities</b>			(480)		(288)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(104)		577
Cash and cash equivalents at beginning of year			7,124		6,372
Effect of foreign exchange rates			(11)		175
			<u>        </u>		<u>        </u>
<b>Cash and cash equivalents at end of year</b>			7,009		7,124
			<u>        </u>		<u>        </u>

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# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies

#### Company information

Gilbert Gilkes & Gordon Limited ("the Company") is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Canal Head North, Kendal, Cumbria, LA9 7BZ.

The Group consists of Gilbert Gilkes & Gordon Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Directors' Report.

These financial statements have been made up to the 29 September 2023 (2022: 25 September 2022).

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium- sized companies and Groups, (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flows and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate those of Gilbert Gilkes & Gordon Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 29 September 2023 (2022: 25 September 2022). Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 1 Accounting policies (Continued)

##### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-5.

The Group has considerable financial resources together with a portfolio of clients spread across different market sectors and geographical areas. Consequently, the Directors believe that the Group is well placed to manage its normal business risks successfully.

The Group operates a robust 24 month rolling forecast process which it utilises on a regular basis to evaluate possible scenarios arising from risks and opportunities facing the business. Detailed projections to September 2025 have been evaluated to test the financial resilience of the Group considering order pipeline, market conditions and cost pressures.

Whilst the Directors believe that market conditions in 2024 may present limited opportunities for significant growth, the stress testing of the Group's financial position indicates that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

An element of turnover is derived from long term contracts. Contract revenue is recognised over the term of the contract using the percentage completion method, measured by reference to the proportion that costs incurred for work performed to date bear to the total estimated costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion, revenue is only recognised to the extent that costs are expected to be recoverable.

No profit is recognised on a contract if a contract is expected to be loss making, the expected amount of the loss is recognised immediately in the income statement.

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

##### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives to their residual value of each part of an item of tangible fixed assets including leased assets held for rental are depreciated over the lease term. The estimated useful lives are as follows:

Freehold land and buildings	39-50 years straight line
Plant, machinery and equipment	3-8 years straight line
Assets held for rental	20-25 years straight line

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 1 Accounting policies (Continued)

No depreciation has been provided during the year on freehold land valued at £576,000.

Assets under construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Fixed asset investments**

In the separate accounts of the Company, interests in subsidiaries are initially measured at transaction price excluding transaction costs. In the case of a share for share exchange, the fair value of the shares issued is used as the transaction price.

Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in other comprehensive income except to the extent that a gain reverses a loss previously recognised in profit or loss, or a loss exceeds the accumulated gains recognised in equity; such gains and loss are recognised in profit or loss.

The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method.

#### **Impairment of fixed assets**

At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs, and any other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Stock is stated net of a provision for slow-moving and potentially obsolete items which has been calculated based upon the age of inventory items.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies (Continued)

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company and Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, payments in advance to suppliers, amounts owed by Group and associated undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and bank loans are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Equity instruments**

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### **Deferred tax**

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense in the period they are incurred.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 1 Accounting policies (Continued)

##### **Retirement benefits**

A defined contribution pension plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

##### **Leases**

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

*Income received under operating leases is recognised in the profit and loss account as it accrues.*

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### **Interest receivable, interest payable and dividend income**

Interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar charges include bank interest payable and finance lease interest recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

##### **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 grants will be received.

The government grant income received during the prior year relates to the Northern Powerhouse Investment Fund.

The grant specifies performance conditions and is recognised in income when the performance conditions are met, which is the month in which the employees are paid. A grant received before the recognition criteria are satisfied is recognised as a liability.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### ***Revenue and profit recognition on long term contracts***

An element of turnover is derived from long term contracts, and revenue is recognised using the percentage completion method.

The ultimate profitability of long term contracts is based upon estimates of costs, including allowances for technical and other risks, which are based upon the knowledge and experience of key management. Material changes to these estimates could affect overall profitability. These estimates of contract costs are reviewed and updated regularly, with the impact of any changes being reflected in ongoing results.

#### ***Warranty costs***

Some of the Group's hydropower contracts include a warranty period of 12-24 months during which time the Group may be required to remedy defects. A provision for potential warranty costs is included within accruals and is calculated based upon historic actual costs incurred as a percentage of contract values, any known specific costs and management's best estimate of potential outflows.

#### ***Valuation of freehold property***

UK freehold land & buildings are included at carrying value of £2m which is deemed to be the residual value based on a 'value in use' exercise conducted on 30 June 2015. No depreciation is charged on this amount. The carrying value is subject to periodic review for impairment which requires estimates to be made concerning future trading performance and discount rates. The most recent review at 30 September 2023 supported the carrying value.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 3 Turnover and other revenue

The Group's turnover and profit is all attributable to its business of designing, manufacturing, distributing and servicing pumps, pumping systems and hydro-electric equipment.

The turnover attributable to each of the Group's geographical markets is:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,407	6,971
Other European countries	7,115	6,201
North America	9,485	6,689
Asia	494	155
Other countries	416	270
	<u>25,917</u>	<u>20,286</u>

#### 4 Other operating income

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other operating income	340	225
Government grants	-	9
	<u>340</u>	<u>234</u>

During the year the Company received £nil (2022: £9,000) of grant income under the Northern Powerhouse Investment Fund.

#### 5 Employees

The average monthly number of persons (including directors) employed during the year was:

	<b>Group</b>	<b>2022</b>	<b>Company</b>	<b>2022</b>
	<b>2023</b>	<b>Number</b>	<b>2023</b>	<b>Number</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Administration	101	91	101	91
Production	65	59	65	59
Overseas	12	12	-	-
	<u>178</u>	<u>162</u>	<u>166</u>	<u>150</u>

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,354	5,573	5,859	5,132
Social security costs	640	562	601	527
Pension costs	870	760	862	753
	<u>7,864</u>	<u>6,895</u>	<u>7,322</u>	<u>6,412</u>

### 6 Directors' remuneration

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	370	355
Company pension contributions to defined contribution schemes	95	91
	<u>465</u>	<u>446</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	136	131
Company pension contributions to defined contribution schemes	33	32
	<u>169</u>	<u>163</u>

Four directors (2022: four) were accruing pensions under the Group's defined contribution scheme.

The Directors constitute the key management personnel of the business at both a Group and Company level. This amount is exclusive of social security costs of £44,000 (2022: £44,000).

### 7 Operating profit

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	211	(468)
Research and development costs	574	577
Depreciation of owned tangible fixed assets	561	615
Profit on disposal of tangible fixed assets	-	(6)
Operating lease charges	150	112
	<u>1,496</u>	<u>1,845</u>

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

<b>8 Auditor's remuneration</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	39	33
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	6	5
All other non-audit services	6	3
	<u>          </u>	<u>          </u>
	12	8
	<u>          </u>	<u>          </u>
<b>9 Interest receivable and similar income</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income</b>		
Other interest income	66	12
	<u>          </u>	<u>          </u>
<b>10 Interest payable and similar expenses</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank overdrafts and loans	8	8
Finance charges payable	-	21
	<u>          </u>	<u>          </u>
Total finance costs	8	29
	<u>          </u>	<u>          </u>
<b>11 Taxation</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	176	120
Adjustments in respect of prior periods	15	1
	<u>          </u>	<u>          </u>
Total UK current tax	191	121
Foreign current tax on profits for the current period	71	65
	<u>          </u>	<u>          </u>
Total current tax	262	186
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(29)	(34)
	<u>          </u>	<u>          </u>
Total tax charge	233	152
	<u>          </u>	<u>          </u>

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 11 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £'000	2022 £'000
Profit before taxation	1,093	1,082
Expected tax charge based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	240	206
Tax effect of expenses that are not deductible in determining taxable profit	19	1
Tax effect of income not taxable in determining taxable profit	(3)	(6)
Unutilised tax losses carried forward	-	25
Adjustments in respect of prior years	15	1
Group relief	-	(4)
Permanent capital allowances in excess of depreciation	(31)	(18)
Research and development tax credit	(20)	(44)
Effect of overseas tax rates	-	7
Other allowances	7	3
Timing of employer pension contributions	6	-
Losses carried back	-	(19)
Taxation charge	233	152

#### Factors affecting future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 22% (2022:19%). The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023. Deferred tax has been calculated at 25% (2022: 25%) which is the rate that the deferred tax liabilities and assets are expected to crystallise.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 12 Tangible fixed assets

Group	Freehold land and buildings	Plant, machinery and equipment	Assets held for rental	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 October 2022	4,609	6,791	1,492	12,892
Additions	-	294	-	294
Disposals	-	(42)	-	(42)
Exchange adjustments	(83)	(48)	-	(131)
At 30 September 2023	4,526	6,995	1,492	13,013
<b>Depreciation and impairment</b>				
At 1 October 2022	1,779	4,632	672	7,083
Depreciation charged in the year	12	486	63	561
Eliminated in respect of disposals	-	(42)	-	(42)
Exchange adjustments	(15)	(39)	-	(54)
At 30 September 2023	1,776	5,037	735	7,548
<b>Carrying amount</b>				
At 30 September 2023	2,750	1,958	757	5,465
At 30 September 2022	2,830	2,159	820	5,809
<b>Company</b>				
Company	Freehold land and buildings	Plant, machinery and equipment	Assets held for rental	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 October 2022	3,598	6,199	1,492	11,289
Additions	-	202	-	202
Disposals	-	(6)	-	(6)
At 30 September 2023	3,598	6,395	1,492	11,485
<b>Depreciation and impairment</b>				
At 1 October 2022	1,598	4,146	673	6,417
Depreciation charged in the year	-	452	62	514
Eliminated in respect of disposals	-	(5)	-	(5)
At 30 September 2023	1,598	4,593	735	6,926
<b>Carrying amount</b>				
At 30 September 2023	2,000	1,802	757	4,559
At 30 September 2022	2,000	2,053	819	4,872

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 12 Tangible fixed assets (Continued)

UK freehold land and buildings were valued on 30 June 2015 on the basis of existing use at £2,000,000. The carrying value of the property has been impaired to this valuation. This amount is still considered appropriate by the Directors.

### 13 Fixed asset investments

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Investments in subsidiaries	14	-	-	19	19

#### Movements in fixed asset investments

Company	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 October 2022 and 30 September 2023	19
<b>Carrying amount</b>	
At 30 September 2023	19
At 30 September 2022	19

### 14 Subsidiaries

Details of the Company's subsidiaries at 30 September 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Gilkes Incorporated	471 Columbia Memorial Parkway, Kemah, Texas, 77565, USA	Mechanical Engineering	Ordinary	100.00
Gilkes Hydro (Canada) Ltd	c/o 550 Burrard St, Suite 2900, Vancouver, V6COA3, Canada	Dormant	Ordinary	100.00
Gilkes Ltd	Canal Head North, Kendal, LA9 7BZ	Dormant	Ordinary	100.00
Gilkes Pumping Systems Ltd	Canal Head North, Kendal, LA9 7BZ	Dormant	Ordinary	100.00

### 15 Stocks

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Raw materials and consumables	2,197	2,019	1,685	1,591
Work in progress	727	547	727	547
	<u>2,924</u>	<u>2,566</u>	<u>2,412</u>	<u>2,138</u>

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 16 Debtors

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	4,891	4,212	4,065	3,592
Payment in advance to suppliers	679	88	671	88
Amounts owed by group undertakings	-	-	262	237
Other debtors	73	197	73	197
Prepayments and accrued income	378	1,255	345	1,223
	<u>6,021</u>	<u>5,752</u>	<u>5,416</u>	<u>5,337</u>

#### 17 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Bank loans	19	-	160	-	160
Payments received on account		353	641	353	607
Trade creditors		1,804	929	1,346	896
Corporation tax payable		247	194	176	119
Other taxation and social security		152	166	149	164
Other creditors		94	398	94	398
Accruals and deferred income		2,122	2,408	2,084	2,373
		<u>4,772</u>	<u>4,896</u>	<u>4,202</u>	<u>4,717</u>

#### 18 Creditors: amounts falling due after more than one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	19	-	320	-	320
Deferred income		254	261	254	261
		<u>254</u>	<u>581</u>	<u>254</u>	<u>581</u>

The bank loans were repayable within 5 years. The bank loan was repaid in full during the year.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 19 Borrowings

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	-	480	-	480
	==	==	==	==
Payable within one year	-	160	-	160
Payable after one year	-	320	-	320
	==	==	==	==

The Group and Company had a UK loan drawn under the Coronavirus Business Interruption Scheme, taken out in September 2020 to finance the purchase of machinery. The loan was repayable over 5 years and carried an interest rate of 3.07% over base rate; however the first year was interest free. This loan and other UK banking facilities were secured over the UK land and buildings. The loan was repaid early and in full in September 2023.

The Group had a US dollar mortgage repayable in equal instalments over ten years from November 2014, with a fixed interest rate of 4.75%. It was secured over the US land and buildings. The loan was fully repaid in the prior year.

#### 20 Deferred taxation

The major deferred tax liabilities and assets recognised by the Group and Company are:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
Accelerated capital allowances	286	322
Other timing differences	24	17
	==	==
	310	339
	==	==
<b>Company</b>		
Accelerated capital allowances	286	322
Other timing differences	24	17
	==	==
	310	339
	==	==

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 20 Deferred taxation (Continued)

	<b>Group 2023 £'000</b>	<b>Company 2023 £'000</b>
<b>Movements in the year:</b>		
Liability at 1 October 2022	339	339
Credit to profit or loss	(29)	(29)
Liability at 30 September 2023	<u>310</u>	<u>310</u>

The deferred tax liability set out above is expected to reverse in line with the useful life of the assets and relates to accelerated capital allowances that are expected to mature within the same period.

The other timing differences are expected to reverse within 12 months and relate to unpaid pension contributions at the year end.

#### 21 Retirement benefit schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Included in creditors at the year end is £94,000 (2022: £67,000) relating to unpaid pension contributions.

#### 22 Share capital

	<b>Group and Company</b>			
	<b>2023 Number</b>	<b>2022 Number</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary of £1 each	1,333	1,333	1,333	1,333

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### 23 Reserves

##### Share premium

This reserve represents consideration for shares issued above their nominal value, net of transaction costs.

##### Profit and loss reserves

This reserve represents cumulative profit and loss less distributions to owners.

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 24 Cash generated from group operations

	2023 £'000	2022 £'000
Profit for the year after tax	860	930
<b>Adjustments for:</b>		
Taxation charged	233	152
Finance costs	8	29
Investment income	(66)	(12)
Gain on disposal of tangible fixed assets	-	(6)
Depreciation and impairment of tangible fixed assets	561	615
Foreign exchange gains on cash equivalents	(124)	107
<b>Movements in working capital:</b>		
Increase in stocks	(358)	(302)
Decrease/(increase) in debtors	314	(1,323)
Decrease in creditors	(335)	(530)
(Decrease)/increase in deferred income	(272)	644
<b>Cash generated from operations</b>	<u>821</u>	<u>304</u>

### 25 Analysis of changes in net funds - group

	1 October 2022 £'000	Cash flows £'000	Exchange rate movements £'000	30 September 2023 £'000
Cash at bank and in hand	7,124	(250)	135	7,009
Borrowings excluding overdrafts	(480)	480	-	-
	<u>6,644</u>	<u>230</u>	<u>135</u>	<u>7,009</u>

### 26 Operating lease commitments

#### Lessee

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Within one year	78	70	78	32
Between one and five years	91	98	91	52
	<u>169</u>	<u>168</u>	<u>169</u>	<u>84</u>

# GILBERT GILKES & GORDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 26 Operating lease commitments (Continued)

#### Lessor

Assets held for rental comprise hydroelectric power generation equipment. Rentals received are entirely contingent upon revenue generated by the schemes.

### 27 Related party transactions

#### Transactions with related parties

During the year the Group entered into the following transactions with related parties:

	Sales	
	2023	2022
Group	£'000	£'000
Entities with common ownership	666	259
	<u>        </u>	<u>        </u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023	2022
	Balance	Balance
Group	£'000	£'000
Entities with common ownership	21	1
	<u>        </u>	<u>        </u>

### 28 Controlling party

The Directors consider the ultimate parent undertaking to be Gilbert Gilkes & Gordon Holdings Limited.

Gilbert Gilkes & Gordon Holdings Limited is the immediate parent and the smallest and largest company for which consolidated accounts including Gilbert Gilkes & Gordon Limited are prepared. The consolidated accounts of Gilbert Gilkes & Gordon Holdings Limited are available from Companies House.

The Directors consider Mr CWN Crewdson and his wife Mrs VL Crewdson to be the ultimate controlling parties by virtue of their combined shareholding of 61% in the ultimate parent company.