

**Company Registration No. 00858193 (England and Wales)**

**CANNING CONVEYOR CO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

# CANNING CONVEYOR CO LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	S D Hill A Canning C Canning J C Hibbert M Lambert (Appointed 1 March 2022)
<b>Company number</b>	00858193
<b>Registered office</b>	Main Office Sandy Lane Industrial Estate Sandy Lane Worksop S80 1TN
<b>Auditor</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU
<b>Bankers</b>	Barclays Bank Plc 2nd Floor 1 St Paul's Place 121 Norfolk Street Sheffield S1 2GW

---

# **CANNING CONVEYOR CO LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 28

---

# **CANNING CONVEYOR CO LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

The directors present the strategic report for the year ended 31 August 2021.

### **Fair review of the business**

The principal activity of the business continued to be that of dealing in conveyor belts and components and in the design, engineering and manufacture of structural steelwork under ISO 1090 to execution class 4 level and of conveyor equipment for material handling for the extraction, recycling and power generation industries.

During the year just ended the business has seen significant growth. The spares business continued to grow with revenues reflecting the currently strong market. Small engineering projects have recovered to levels experienced prior to COVID and the level of activity for film, TV and entertainment maintaining its prior year performance

The large contract awarded during 2019 has continued to provide a positive contribution to the Company's performance. However, due to COVID the contract has been extended with a reduction in the forecasted contribution. Consequently, the directors reviewed the accounting for the project, specifically the timing of the recognition of contribution the outcome of which has resulted in a restatement of the prior year results.

### **Principal risks and uncertainties**

In supply terms, imports of belting are transacted in both Sterling and Euro denominated contracts and the effect of the prices of oil and the US dollar are the main drivers of belting prices. The war in Ukraine has restricted oil supply and it is anticipated that in the second half of 2022 this will be reflected in increased prices from suppliers of belting.

### **Development and performance**

The directors were determined to keep pushing marketing effort to maintain market presence and our sales force has kept closely engaged with both existing and new customers. The company remains in a very good position with a strong balance sheet. The company is in a good competitive position with a first class engineering facility and a large stock of belting and roller spares to allow its innovative, entrepreneurial, team of employees, backed by excellent support from the company's bankers and advisors, to build on the growth achieved this year.

The company continues to develop its product offering, systems and website to take advantage of new technologies and seeks opportunities to diversify to underpin future growth.

### **Key performance indicators**

Overall sales levels grew significantly in the year in both the two main lines of business; spares sales grew by 40% while engineering contract turnover grew significantly so that overall turnover grew by 59%.

On behalf of the board

A Canning  
**Director**

11 May 2022

# CANNING CONVEYOR CO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

---

The directors present their annual report and financial statements for the year ended 31 August 2021.

#### Principal activities

The principal activity of the business continued to be that of dealing in conveyor belts and components and in the design, engineering and manufacture of conveyor equipment for material handling for the extraction, recycling and power generation industries.

#### Results and dividends

The results for the year are set out on page 7.

During the year a dividend of £30 per share was paid resulting in a total dividend of £237,330 which was paid on 8 October 2020.

A further dividend of £10 per share, totalling £79,110, was paid on 30 July 2021.

#### Directors

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

R D Ilett	(Resigned 25 October 2021)
S D Hill	
A Canning	
C Canning	
J C Hibbert	
M Lambert	(Appointed 1 March 2022)

#### Auditor

In accordance with the company's articles, a resolution proposing that Hart Shaw LLP be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **CANNING CONVEYOR CO LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

---

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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.

### **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, the directors individually have taken all the necessary steps that they ought to have taken as directors 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

A Canning

**Director**

11 May 2022

# CANNING CONVEYOR CO LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CANNING CONVEYOR CO LIMITED

---

#### Opinion

We have audited the financial statements of Canning Conveyor Co Limited (the 'company') for the year ended 31 August 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 August 2021 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### 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 our 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.

# **CANNING CONVEYOR CO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CANNING CONVEYOR CO 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 and the directors' report.

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 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response**

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

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organization and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low, therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Reviewing minutes of meetings of those charged with governance.



# **CANNING CONVEYOR CO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CANNING CONVEYOR CO LIMITED**

---

At the planning stage we identified revenue recognition as high risk due to the subjective stage of completion estimation made by management which could reasonably be expected to have a material effect on the financial statements. In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiry of management as to the rationale behind their calculations and estimations.
- Assessing whether management's judgements and estimates indicated potential bias.
- Recalculation of expected provisions following enquiry with management and available post year end information.

We have assessed the overall susceptibility of the financial statements to material misstatement as low because the nature of the business does not particularly lend itself to fraud.

Management override is inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of business, especially with related parties
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period
- Presenting bias in accounting judgements and estimates, particularly relating to the stage of completion of long term contracts.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud
- Review of all material journal entries made throughout the period as well as those made to prepare the financial statements
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business
- Increased substantive testing across all material income streams
- Assessing whether management's judgements and estimates indicated potential bias, particularly relating to the stage of completion of long term contracts.
- Reviewing minutes of meetings of those charged with governance.

A further description of our responsibilities is available 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.

**Adam Shield (Senior Statutory Auditor)**  
**For and on behalf of Hart Shaw LLP**

30 May 2022

**Chartered Accountants**  
**Statutory Auditor**

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

# CANNING CONVEYOR CO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	as restated £
<b>Turnover</b>	<b>3</b>	19,579,131	12,288,876
Cost of sales		(16,349,119)	(9,887,501)
<b>Gross profit</b>		<b>3,230,012</b>	<b>2,401,375</b>
Distribution costs		(1,250,400)	(1,060,666)
Administrative expenses		(1,793,080)	(1,277,281)
Other operating income		37,123	185,554
<b>Operating profit</b>	<b>4</b>	<b>223,655</b>	<b>248,982</b>
Interest receivable and similar income	<b>7</b>	133	-
Interest payable and similar expenses	<b>8</b>	(10,014)	(32,450)
<b>Profit before taxation</b>		<b>213,774</b>	<b>216,532</b>
Tax on profit	<b>9</b>	59,031	(23,635)
<b>Profit for the financial year</b>		<b>272,805</b>	<b>192,897</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# CANNING CONVEYOR CO LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021		2020 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		2,011,284		2,031,933
Investment properties	12		222,750		222,750
			<u>2,234,034</u>		<u>2,254,683</u>
<b>Current assets</b>					
Stocks	15	4,098,710		3,858,197	
Debtors	16	3,542,220		2,995,856	
Cash at bank and in hand		1,187,128		1,056,489	
		<u>8,828,058</u>		<u>7,910,542</u>	
<b>Creditors: amounts falling due within one year</b>	17	(7,002,168)		(6,209,953)	
<b>Net current assets</b>			<u>1,825,890</u>		<u>1,700,589</u>
<b>Total assets less current liabilities</b>			<u>4,059,924</u>		<u>3,955,272</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(482,030)		(295,043)
<b>Provisions for liabilities</b>					
Deferred tax liability	20	19,000		57,700	
		<u>(19,000)</u>		<u>(57,700)</u>	
<b>Net assets</b>			<u>3,558,894</u>		<u>3,602,529</u>
<b>Capital and reserves</b>					
Called up share capital	22		7,911		7,911
Revaluation reserve			389,728		397,796
Capital redemption reserve			22,189		22,189
Profit and loss reserves			3,139,066		3,174,633
<b>Total equity</b>			<u>3,558,894</u>		<u>3,602,529</u>

The financial statements were approved by the board of directors and authorised for issue on 11 May 2022 and are signed on its behalf by:

A Canning  
Director

Company Registration No. 00858193

# CANNING CONVEYOR CO LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 August 2020:</b>						
<b>Balance at 1 September 2019</b>		7,911	405,864	22,189	3,112,111	3,548,075
<b>Year ended 31 August 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	192,897	192,897
Dividends	10	-	-	-	(138,443)	(138,443)
Transfers		-	(8,068)	-	8,068	-
<b>Balance at 31 August 2020</b>		7,911	397,796	22,189	3,174,633	3,602,529
<b>Year ended 31 August 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	272,805	272,805
Dividends	10	-	-	-	(316,440)	(316,440)
Transfers		-	(8,068)	-	8,068	-
<b>Balance at 31 August 2021</b>		7,911	389,728	22,189	3,139,066	3,558,894

# CANNING CONVEYOR CO LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	as restated £
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	444,538	2,517,272
Interest paid		(10,014)	(32,450)
Income taxes refunded/(paid)		12,265	(32,596)
<b>Net cash inflow from operating activities</b>		<u>446,789</u>	<u>2,452,226</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(128,446)	(120,968)
Proceeds on disposal of tangible fixed assets		28,301	-
Receipts from associates		-	5,000
Interest received		133	-
<b>Net cash used in investing activities</b>		<u>(100,012)</u>	<u>(115,968)</u>
<b>Financing activities</b>			
Repayment of borrowings		(93,750)	(145,970)
Proceeds of new bank loans		250,000	-
Repayment of bank loans		(55,948)	(111,439)
Dividends paid		(316,440)	(138,443)
<b>Net cash used in financing activities</b>		<u>(216,138)</u>	<u>(395,852)</u>
<b>Net increase in cash and cash equivalents</b>		<u>130,639</u>	<u>1,940,406</u>
Cash and cash equivalents at beginning of year		<u>1,056,489</u>	<u>(883,917)</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>1,187,128</u></u>	<u><u>1,056,489</u></u>

# **CANNING CONVEYOR CO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### **1 Accounting policies**

#### **Company information**

Canning Conveyor Co Limited is a private company, limited by shares and incorporated in England and Wales. The registered office is Main Office, Sandy Lane Industrial Estate, Sandy Lane, Worksop, S80 1TN.

#### **1.1 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.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

To conclude on going concern for the Company, the directors have taken due consideration of the following key areas.

The ability to attract and maintain key management personnel who are vital to the ongoing operations of the Company.

The likelihood of key customers who have engaged the company for major contract work, choosing to cancel their contract and requesting refunds for amounts included within deferred income within these financial statements.

The ability of the company to win new project work which is adhoc in its nature. The company does have a pipeline of potential new contracts which it expects it will be able to secure a proportion of.

The ongoing support of the company's bank who provide both a loan and overdraft facility which are subject to specific financial covenants.

The directors have considered the likely outcome of the above key factors along with other operational aspect when preparing detailed budgets and cashflow forecasts. In considering these factors, the directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to continue as a going concern for at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

Revenue from long term contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold Land and buildings	Over 50 years
Plant and machinery	20% to 40% reducing balance
Fixtures, fittings & equipment	20% to 40% reducing balance
Motor vehicles	20% to 40% reducing balance

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.

#### 1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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).

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

---

### 1 Accounting policies

(Continued)

#### 1.8 Stocks

Stock is valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Construction contracts

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

#### 1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.



# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

---

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

---

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **1.16 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.

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.

#### **1.17 Foreign exchange**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

The 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Long term contracts

The company has a number of long term contracts which were in progress at the year end. At the 31 August 2021 the company has in its balance sheet accrued income of £386,007, deferred income of £3,308,131, accrued costs of £20,815 and deferred costs of £271,362.

Amounts totalling £10,909,842 of contract revenue has been recognised in the period.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	133	-
Rental income arising from investment properties	37,123	41,298
Furlough income	-	144,256
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	19,190,494	11,927,349
Europe	266,264	239,307
Rest of the world	122,373	122,220
	<u>          </u>	<u>          </u>
	19,579,131	12,288,876
	<u>          </u>	<u>          </u>

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Operating profit

	2021 £	2020 £
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	(24,772)	(14)
Fees payable to the company's auditor for the audit of the company's financial statements	5,450	4,550
Depreciation of owned tangible fixed assets	119,291	97,636
Loss on disposal of tangible fixed assets	1,503	-
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2021 Number	2020 Number
Administration	11	12
Distribution	17	18
Manufacturing	41	33
	<u>          </u>	<u>          </u>
Total	69	63
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,932,337	2,114,415
Social security costs	363,129	223,211
Pension costs	145,918	116,069
	<u>          </u>	<u>          </u>
	3,441,384	2,453,695
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	627,039	352,737
Company pension contributions to defined contribution schemes	68,040	30,258
	<u>          </u>	<u>          </u>
	695,079	382,995
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 6 Directors' remuneration

(Continued)

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

	2021 £	2020 £
Remuneration for qualifying services	265,808	153,082
Company pension contributions to defined contribution schemes	16,873	13,305
	<u>282,681</u>	<u>166,387</u>

### 7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	133	-
	<u>133</u>	<u>-</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	9,501	31,178
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	513	1,272
	<u>10,014</u>	<u>32,450</u>

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	20,331
Adjustments in respect of prior periods	(20,331)	(32,596)
Total current tax	<u>(20,331)</u>	<u>(12,265)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(38,700)	35,900
Total tax (credit)/charge	<u>(59,031)</u>	<u>23,635</u>

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	213,774	216,532
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	40,617	41,141
Tax effect of expenses that are not deductible in determining taxable profit	(2,548)	(22,455)
Tax effect of utilisation of tax losses not previously recognised	(35,782)	(24,063)
Permanent capital allowances in excess of depreciation	(2,287)	(4,757)
Research and development tax credit	-	(70,804)
Tax effect of prior year adjustment	-	101,269
Under/(over) provided in prior years	(20,331)	(32,596)
Movement in deferred tax	(38,700)	35,900
Taxation (credit)/charge for the year	(59,031)	23,635

### 10 Dividends

	2021 £	2020 £
Interim paid	316,440	138,443

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 11 Tangible fixed assets

	Freehold Land and buildings	Assets under construction	Plant and fixtures, machinery & fittings	Motor vehicles & equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 September 2020	2,058,127	28,301	673,670	208,513	3,108,682
Additions	-	-	10,142	118,304	128,446
Disposals	(593)	(28,301)	(181,366)	(18,873)	(229,133)
At 31 August 2021	2,057,534	-	502,446	307,944	3,007,995
<b>Depreciation and impairment</b>					
At 1 September 2020	275,907	-	593,351	122,663	1,076,749
Depreciation charged in the year	32,081	-	17,156	56,185	119,291
Eliminated in respect of disposals	(673)	-	(180,258)	(18,398)	(199,329)
At 31 August 2021	307,315	-	430,249	160,450	996,711
<b>Carrying amount</b>					
At 31 August 2021	1,750,219	-	72,197	147,494	2,011,284
At 31 August 2020	1,782,220	28,301	80,319	85,850	2,031,933

Freehold land and buildings for the company's own use, at valuation, included above but not depreciated amount to £780,153 (2020 - £780,153).

On transition to FRS102 the directors chose to apply a deemed cost as the valuation at that time and therefore, no further valuations have taken place.

At their historical cost the carrying value would be:

	Freehold land and buildings	
	2021	2020
	£	£
Cost	1,789,062	1,789,062
Accumulated depreciation	(299,513)	276,677
Carrying value	1,489,549	2,065,739

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Investment property

	2021 £
<b>Fair value</b>	
At 1 September 2020 and 31 August 2021	222,750

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 15 August 2018 by PPH Commercial Limited, a firm of estate agents, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors are of the opinion that the fair value of the property has not materially changed.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021 £	2020 £
Cost	131,515	131,515
Accumulated depreciation	21,042	18,412
Carrying amount	152,557	149,927

### 13 Fixed asset investments

	2021 £	2020 £
Investment in associates	-	-

#### Movements in fixed asset investments

	Shares in £
<b>Cost or valuation</b>	
At 1 September 2020 & 31 August 2021	5,000
<b>Impairment</b>	
At 1 September 2020 & 31 August 2021	5,000
<b>Carrying amount</b>	
At 31 August 2021	-
At 31 August 2020	-



# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 14 Associates

Details of the company's associates at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Canning Shields Limited	England and Wales	Dormant	50.00

### 15 Stocks

	2021 £	2020 £
Finished goods and goods for resale	4,098,710	3,858,197

### 16 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,601,740	2,642,932
Gross amounts owed by contract customers	386,007	107,279
Corporation tax recoverable	20,331	32,596
Other debtors	456	721
Prepayments and accrued income	533,686	212,328
	3,542,220	2,995,856

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

	Notes	2021 £	2020 £
Bank loans	19	64,583	57,518
Other borrowings	19	-	93,750
Trade creditors		2,956,304	2,151,021
Corporation tax		-	20,331
Other taxation and social security		567,269	861,537
Other creditors		19,065	14,893
Accruals and deferred income		3,394,947	3,010,903
		7,002,168	6,209,953

Bank loans and overdrafts are secured by a fixed charge on the freehold and investment properties.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	482,030	295,043

Bank loans and overdrafts are secured by a fixed charge on the freehold and investment properties.

### 19 Loans and overdrafts

	2021 £	2020 £
Bank loans	546,613	352,561
Other loans	-	93,750
	<u>546,613</u>	<u>446,311</u>
Payable within one year	64,583	151,268
Payable after one year	<u>482,030</u>	<u>295,043</u>

The bank loans, overdrafts and bills of exchange are secured by a fixed charge over the freehold and investment land and buildings.

There are two loans outstanding at the year end; one is repayable over 60 months at an interest rate of 2.75% above base rate. The second is a CBIL's loan repayable over 72 months with no payment due for the first 12 months, and an interest rate of 8.9% above base rate thereafter.

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	68,000	66,500
Short term timing differences	(49,000)	(8,800)
	<u>19,000</u>	<u>57,700</u>

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

<b>20</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2021</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 September 2020	57,700
	Credit to profit or loss	(38,700)
	Liability at 31 August 2021	<u>19,000</u>

There is no expiry date on the deferred tax liabilities relating to accelerated capital allowances.

<b>21</b>	<b>Retirement benefit schemes</b>	<b>2021</b>	<b>2020</b>
	<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
	Charge to profit or loss in respect of defined contribution schemes	<u>145,918</u>	<u>116,069</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

<b>22</b>	<b>Share capital</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
	<b>Issued and fully paid</b>				
	Ordinary shares of £1 each	<u>7,911</u>	<u>7,911</u>	<u>7,911</u>	<u>7,911</u>

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 23 Operating lease commitments

#### Lessor

The operating leases represent leases of property to third parties. The leases are negotiated over terms of 9 years.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	34,655	38,772
Between two and five years	106,034	80,689
In over five years	10,816	-
	<u>151,505</u>	<u>119,461</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>729,718</u>	<u>382,995</u>

### 25 Directors' transactions

Dividends totalling £237,330 (2020 - £85,768) were paid in the year in respect of shares held by the company's directors.

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 26 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	272,805	192,897
<b>Adjustments for:</b>		
Taxation (credited)/charged	(59,031)	23,635
Finance costs	10,014	32,450
Investment income	(133)	-
Loss on disposal of tangible fixed assets	1,503	-
Depreciation and impairment of tangible fixed assets	119,291	97,636
<b>Movements in working capital:</b>		
Increase in stocks	(240,513)	(384,821)
Increase in debtors	(558,629)	(1,007,603)
Increase in creditors	899,231	3,563,078
<b>Cash generated from operations</b>	<b>444,538</b>	<b>2,517,272</b>

### 27 Analysis of changes in net funds

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	1,056,489	130,639	1,187,128
Borrowings excluding overdrafts	(446,311)	(100,302)	(546,613)
	<b>610,178</b>	<b>30,337</b>	<b>640,515</b>

### 28 Prior period adjustment

#### Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Aug 2020 £
<b>Current assets</b>			
Debtors due within one year	3,703,463	(707,607)	2,995,856
<b>Creditors due within one year</b>			
Other creditors	(5,351,431)	174,614	(5,176,817)
Net assets	<b>4,135,522</b>	<b>(532,993)</b>	<b>3,602,529</b>
<b>Capital and reserves</b>			
Profit and loss reserves	<b>3,707,626</b>	<b>(532,993)</b>	<b>3,174,633</b>

# CANNING CONVEYOR CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 28 Prior period adjustment (Continued)

#### Changes to the profit and loss account

	As previously reported	Adjustment	As restated
Period ended 31 August 2020	£	£	£
Turnover	15,337,557	(3,048,681)	12,288,876
Cost of sales	(12,174,727)	2,287,226	(9,887,501)
Administrative expenses	(1,505,743)	228,462	(1,277,281)
Profit for the financial period	725,890	(532,993)	192,897

#### Reconciliation of changes in equity

	Notes	1 September 2019	31 August 2020
		£	£
<b>Adjustments to prior year</b>			
Stage of completion error on Port of Tilbury contract	1	-	(836,572)
Effect of above adjustment on management bonus provision	2	-	303,579
Total adjustments		-	(532,993)
Equity as previously reported		3,548,075	4,135,522
Equity as adjusted		3,548,075	3,602,529
<b>Analysis of the effect upon equity</b>			
Profit and loss reserves		-	(532,993)

#### Reconciliation of changes in profit for the previous financial period

	Notes	2020
		£
<b>Adjustments to prior year</b>		
Stage of completion error on Port of Tilbury contract	1	(836,572)
Effect of above adjustment on management bonus provision	2	303,579
Total adjustments		(532,993)
Profit as previously reported		725,890
Profit as adjusted		192,897

## CANNING CONVEYOR CO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2021*

---

28 Prior period adjustment

(Continued)

#### Notes to reconciliation

##### 1 - Stage of completion error on Port of Tilbury contract

During the current year, it was identified that the stage of completion of one long term contract was over estimated at 70%. It has since been identified that under the cost incurred method the stage of completion was 43.6%, having an impact of £836,572 of the reported profit in the 2020 year end.

The resulting impact has been detailed above with the affected figures being turnover and cost of sales.

##### 2 - Effect of above adjustment on management bonus provision

As a result of the identified adjustment in note 1 above, the management bonus provision in the 2020 year end was over provided due to the over stated profit for the year.

The resulting impact has been detailed above with the affected figures being administrative expenses.

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.