

Company registration number 00858193 (England and Wales)

CANNING CONVEYOR CO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

CANNING CONVEYOR CO LIMITED

COMPANY INFORMATION

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

CANNING CONVEYOR CO LIMITED

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CANNING CONVEYOR CO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present the strategic report for the year ended 31 August 2023.

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 activity at levels consistent with the prior year. The levels of activity for the spares business, small engineering projects and Film, TV and entertainment continued its good performance from the prior. Activity in relation to larger engineering projects continues to be depressed.

The results excluded a contingent asset in respect of an ongoing claim in the Company's favour which, if included in the accounts, would have resulted in the year's accounts reflecting significantly higher operating profit.

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 has been 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 profit 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 remained stable year on year whilst margins improved to 25%.

On behalf of the board

A Canning
Director

20 March 2024

CANNING CONVEYOR CO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present their annual report and financial statements for the year ended 31 August 2023.

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.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

S D Hill
A Canning
C Canning
M Lambert

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.

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

20 March 2024

CANNING CONVEYOR CO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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;
- 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

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 2023 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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

We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud. Management override is the most likely way in which fraud might present itself and is therefore 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.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

20 March 2024

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 2023

	Notes	2023 £	2022 £
Turnover	3	14,698,729	14,602,703
Cost of sales		(11,094,870)	(12,060,500)
Gross profit		3,603,859	2,542,203
Distribution costs		(1,316,097)	(1,425,471)
Administrative expenses		(1,836,862)	(1,677,103)
Other operating income		36,394	36,402
Operating profit/(loss)	4	487,294	(523,969)
Interest receivable and similar income	7	18	103
Interest payable and similar expenses	8	(111,093)	(68,469)
Profit/(loss) before taxation		376,219	(592,335)
Tax on profit/(loss)	9	(68,700)	130,200
Profit/(loss) for the financial year		307,519	(462,135)

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 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		2,331,131		2,497,186
Investment property	11		222,750		222,750
			<u>2,553,881</u>		<u>2,719,936</u>
Current assets					
Stocks	13	3,974,341		4,367,774	
Debtors	14	3,617,833		3,797,857	
Cash at bank and in hand		2,874		8,560	
		<u>7,595,048</u>		<u>8,174,191</u>	
Creditors: amounts falling due within one year	15	(6,281,308)		(7,165,593)	
Net current assets			<u>1,313,740</u>		<u>1,008,598</u>
Total assets less current liabilities			<u>3,867,621</u>		<u>3,728,534</u>
Creditors: amounts falling due after more than one year	16		(463,343)		(631,775)
Net assets			<u><u>3,404,278</u></u>		<u><u>3,096,759</u></u>
Capital and reserves					
Called up share capital	21		7,911		7,911
Revaluation reserve			373,592		381,660
Capital redemption reserve			22,189		22,189
Profit and loss reserves			<u>3,000,586</u>		<u>2,684,999</u>
Total equity			<u><u>3,404,278</u></u>		<u><u>3,096,759</u></u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 20 March 2024 and are signed on its behalf by:

A Canning
Director

Company registration number 00858193 (England and Wales)

CANNING CONVEYOR CO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2023

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 September 2021	7,911	389,728	22,189	3,139,066	3,558,894
Year ended 31 August 2022:					
Loss and total comprehensive income	-	-	-	(462,135)	(462,135)
Transfers	-	(8,068)	-	8,068	-
Balance at 31 August 2022	7,911	381,660	22,189	2,684,999	3,096,759
Year ended 31 August 2023:					
Profit and total comprehensive income	-	-	-	307,519	307,519
Transfers	-	(8,068)	-	8,068	-
Balance at 31 August 2023	7,911	373,592	22,189	3,000,586	3,404,278

CANNING CONVEYOR CO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		1,306,236		(2,279,827)
Interest paid			(111,093)		(68,469)
Income taxes refunded			-		20,331
Net cash inflow/(outflow) from operating activities			<u>1,195,143</u>		<u>(2,327,965)</u>
Investing activities					
Purchase of tangible fixed assets		(43,251)		(312,064)	
Proceeds from disposal of tangible fixed assets		13,000		(287)	
Interest received		18		103	
Net cash used in investing activities			<u>(30,233)</u>		<u>(312,248)</u>
Financing activities					
Repayment of bank loans		(96,119)		(61,641)	
Payment of finance leases obligations		(62,990)		(26,580)	
Net cash used in financing activities			<u>(159,109)</u>		<u>(88,221)</u>
Net increase/(decrease) in cash and cash equivalents			<u>1,005,801</u>		<u>(2,728,434)</u>
Cash and cash equivalents at beginning of year			<u>(1,541,306)</u>		<u>1,187,128</u>
Cash and cash equivalents at end of year			<u><u>(535,505)</u></u>		<u><u>(1,541,306)</u></u>
Relating to:					
Cash at bank and in hand			2,874		8,560
Bank overdrafts included in creditors payable within one year			<u>(538,379)</u>		<u>(1,549,866)</u>

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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 "Gross amounts owed to contract customers" 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. Furthermore, based on recent valuations of the company's land & buildings, the ability for the company to request further funds from the company's bank should a key customer request a refund of an amount included within "Gross amounts owed to contract customers",

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 2023

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	Not depreciated
Freehold 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 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.

1.7 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.

1.8 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.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 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.

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.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

1.11 Taxation

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

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.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

1.15 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.

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.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

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

Revenue from long term contracts is recognised by reference to the stage of completion which is estimated based on costs incurred to date and the estimated cost to complete. Given the level of estimation involved in the costs to complete, actual outcomes could vary significantly from these estimates. Furthermore, had the directors chosen a different judgement for assessing the stage of completion then these outcomes could vary significantly.

The company has a number of long term contracts which were in progress at the year end. At the 31 August 2023 the company has in its balance sheet:

- Gross amounts owed by contract customers of £1,182,655 (2022 - £654,714)
- Gross amounts owed to contract customers of £0 (2022 - £0)

Amounts totalling £4,029,400 (2022 - £5,023,500) of contract revenue has been recognised in the period.

3 Turnover and other revenue

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

	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	14,227,825	14,183,787
Europe	168,383	175,863
Rest of the world	302,521	243,053
	<u>14,698,729</u>	<u>14,602,703</u>

	2023 £	2022 £
Other revenue		
Interest income	18	103
Rental income arising from investment properties	<u>36,394</u>	<u>36,402</u>

4 Operating profit/(loss)

	2023 £	2022 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	5,614	(38,066)
Fees payable to the company's auditor for the audit of the company's financial statements	27,500	26,250
Depreciation of owned tangible fixed assets	143,353	124,685
Depreciation of tangible fixed assets held under finance leases	62,667	28,767
(Profit)/loss on disposal of tangible fixed assets	<u>(9,714)</u>	<u>5,489</u>

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Employees

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

	2023 Number	2022 Number
Administration	9	8
Distribution	18	17
Manufacturing	35	46
Total	62	71

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,984,550	3,005,358
Social security costs	281,453	332,389
Pension costs	164,978	132,859
	3,430,981	3,470,606

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	453,446	407,586
Company pension contributions to defined contribution schemes	72,123	54,507
	525,569	462,093

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

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

	2023 £	2022 £
Remuneration for qualifying services	184,482	179,055
Company pension contributions to defined contribution schemes	36,104	25,408

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	18	103
	<u>18</u>	<u>103</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	76,389	48,235
Other finance costs:		
Interest on finance leases and hire purchase contracts	34,704	20,234
	<u>111,093</u>	<u>68,469</u>

9 Taxation

	2023	2022
	£	£
Deferred tax		
Origination and reversal of timing differences	68,700	(130,200)
	<u>68,700</u>	<u>(130,200)</u>

In the Budget on 3 March 2021, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at the reporting date

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

	2023	2022
	£	£
Profit/(loss) before taxation	376,219	(592,335)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 21.50% (2022: 19.00%)	80,887	(112,544)
Tax effect of expenses that are not deductible in determining taxable profit	4,202	1,260
Tax effect of utilisation of tax losses not previously recognised	(109,603)	184,645
Permanent capital allowances in excess of depreciation	24,514	(73,361)
Movement in deferred tax	68,700	(130,200)
Taxation charge/(credit) for the year	<u>68,700</u>	<u>(130,200)</u>

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

10 Tangible fixed assets

	Freehold land & buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 September 2022	2,057,534	983,479	284,309	173,538	3,498,860
Additions	-	43,251	-	-	43,251
Disposals	-	(51,321)	-	(22,022)	(73,343)
At 31 August 2023	2,057,534	975,409	284,309	151,516	3,468,768
Depreciation and impairment					
At 1 September 2022	337,833	366,340	186,844	110,657	1,001,674
Depreciation charged in the year	30,149	128,811	31,732	15,328	206,020
Eliminated in respect of disposals	-	(50,113)	-	(19,944)	(70,057)
At 31 August 2023	367,982	445,038	218,576	106,041	1,137,637
Carrying amount					
At 31 August 2023	1,689,552	530,371	65,733	45,475	2,331,131
At 31 August 2022	1,719,701	617,139	97,465	62,881	2,497,186

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and machinery	217,185	271,832
Motor vehicles	23,873	31,893
	<u>241,058</u>	<u>303,725</u>

Freehold land for the company's own use, at valuation, included above but not depreciated amount to £780,153 (2022 - £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:

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

10 Tangible fixed assets

(Continued)

	Freehold land and buildings	
	2023	2022
	£	£
Cost	1,789,062	1,789,062
Accumulated depreciation	(345,186)	(322,349)
Carrying value	<u>1,443,876</u>	<u>1,466,713</u>

11 Investment property

2023

£

Fair value

At 1 September 2022 and 31 August 2023

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.

12 Fixed asset investments

	2023	2022
	£	£
Investment in associates	-	-
	<u>-</u>	<u>-</u>

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

12	Fixed asset investments	(Continued)	
	Movements in fixed asset investments	Investments	
		£	
	Cost or valuation		
	At 1 September 2022	5,000	
	Disposals	(5,000)	
	At 31 August 2023	-	
	Impairment		
	At 1 September 2022	(5,000)	
	Disposals	5,000	
	At 31 August 2023	-	
	Carrying amount		
	At 31 August 2023	-	
	At 31 August 2022	-	
13	Stocks	2023	2022
		£	£
	Finished goods and goods for resale	3,974,341	4,367,774
14	Debtors	2023	2022
		£	£
	Amounts falling due within one year:		
	Trade debtors	2,104,961	2,779,551
	Gross amounts owed by contract customers	1,182,655	654,714
	Other debtors	25,186	323
	Prepayments and accrued income	262,531	252,069
		3,575,333	3,686,657
	Deferred tax asset (note 19)	42,500	111,200
		3,617,833	3,797,857

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	17	640,382	1,645,985
Obligations under finance leases	18	66,429	62,990
Trade creditors		2,379,351	1,978,217
Gross amounts owed to contract customers		2,388,602	3,006,996
Taxation and social security		533,385	317,867
Other creditors		17,545	20,855
Accruals and deferred income		255,614	132,683
		<u>6,281,308</u>	<u>7,165,593</u>

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

The obligations under finance leases are secured on the assets to which the finance relates.

16 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	17	286,850	388,853
Obligations under finance leases	18	176,493	242,922
		<u>463,343</u>	<u>631,775</u>

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

The obligations under finance leases are secured on the assets to which the finance relates.

17 Loans and overdrafts

	2023 £	2022 £
Bank loans	388,853	484,972
Bank overdrafts	538,379	1,549,866
	<u>927,232</u>	<u>2,034,838</u>
Payable within one year	640,382	1,645,985
Payable after one year	286,850	388,853

The bank loans and overdrafts 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 repayments starting in April 2022, and an interest rate of 8.9% above base rate thereafter.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	76,683	76,683
In two to five years	187,171	263,855
	<u>263,854</u>	<u>340,538</u>
Less: future finance charges	(20,932)	(34,626)
	<u>242,922</u>	<u>305,912</u>

19 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:

	Assets 2023	Assets 2022
	£	£
Balances:		
Accelerated capital allowances	(139,300)	(123,900)
Tax losses	180,300	234,000
Short term timing differences	1,500	1,100
	<u>42,500</u>	<u>111,200</u>

	2023
	£
Movements in the year:	
Asset at 1 September 2022	(111,200)
Charge to profit or loss	68,700
Asset at 31 August 2023	<u>(42,500)</u>

The deferred tax asset on tax losses will reverse as the company generates profits in future periods.

20 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>164,978</u>	<u>132,859</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.

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

21 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	7,911	7,911	7,911	7,911
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Operating lease commitments

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

	2023 £	2022 £
Within one year	18,490	-
Between two and five years	54,063	-
	<u> </u>	<u> </u>
	72,553	-
	<u> </u>	<u> </u>

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:

	2023 £	2022 £
Within one year	34,655	34,655
Between two and five years	47,413	82,068
	<u> </u>	<u> </u>
	82,068	116,723
	<u> </u>	<u> </u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	526,434	493,589
	<u> </u>	<u> </u>

CANNING CONVEYOR CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

23 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties that shared common directorship.

	Purchases 2023 £	Purchases 2022 £
Canning Captures Limited	13,003	-

Other information

Dividends totalling £nil (2022 - £237,330) were paid in the year in respect of shares held by the company's directors.

24 Cash generated from/(absorbed by) operations

	2023 £	2022 £
Profit/(loss) for the year after tax	307,519	(462,135)
Adjustments for:		
Taxation charged/(credited)	68,700	(130,200)
Finance costs	111,093	68,469
Investment income	(18)	(103)
(Gain)/loss on disposal of tangible fixed assets	(9,714)	5,489
Depreciation and impairment of tangible fixed assets	206,020	153,452
Movements in working capital:		
Decrease/(increase) in stocks	393,433	(269,064)
Decrease/(increase) in debtors	111,324	(164,768)
Increase/(decrease) in creditors	117,879	(1,480,967)
Cash generated from/(absorbed by) operations	1,306,236	(2,279,827)

25 Analysis of changes in net debt

	1 September 2022 £	Cash flows 31 August 2023	
		£	£
Cash at bank and in hand	8,560	(5,686)	2,874
Bank overdrafts	(1,549,866)	1,011,487	(538,379)
	(1,541,306)	1,005,801	(535,505)
Borrowings excluding overdrafts	(484,972)	96,119	(388,853)
Obligations under finance leases	(305,912)	62,990	(242,922)
	(2,332,190)	1,164,910	(1,167,280)

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.