

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 March 2022  
for  
Ashleighsigns Limited



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for the Year Ended 31 March 2022

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Ashleighsigns Limited

Company Information  
for the Year Ended 31 March 2022

**DIRECTORS:**

Mr A S Bedford  
Mr T A Sadler  
Mrs A E Sadler  
Mr A W Sadler

**SECRETARY:**

Mrs A E Sadler

**REGISTERED OFFICE:**

Ashleigh House Beckbridge Road  
Normanton Industrial Estate  
Normanton  
West Yorkshire  
WF6 1TE

**REGISTERED NUMBER:**

01325080 (England and Wales)

**AUDITORS:**

Haines Watts  
Chartered Accountants &  
Statutory Auditors  
Sterling House  
1 Sheepscar Court  
Meanwood Road  
Leeds  
West Yorkshire  
LS7 2BB



Strategic Report  
for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company is the Design, Manufacture and Installation of Signage across a wide range of business sectors throughout the UK and Europe.

**BUSINESS REVIEW AND FUTURE OUTLOOK**

Following a year of great uncertainty to March 21, when many of our clients, particularly in the hospitality and retail sectors, were forced to lock down due to the global Covid-19 pandemic, the Year to March 2022 showed encouraging signs of recovery, with Ashleigh Signs recording its record year in terms of turnover (2022: £19.3M 2021: £16.0M) as those business sectors invested in the promotion of "staycations" over "vacations". Through careful management and leadership, we are pleased to report satisfactory profit before tax for the financial year (2022: £2.015M 2021: £2.023M) which is a very strong indication of Ashleigh Signs' position in the marketplace as one of the UK leading sign manufacturers.

The continued operation across a number of diverse business sectors has provided stability and security, whilst taking steps to expand into new markets, enabling us to achieve further growth and increased performance.

Investment into the business and employees has also continued. The company's bespoke manufacturing system has been further developed to ensure the highest levels of quality, efficiency and customer service are maintained. Further investment in the state of the art premises and manufacturing facility has ensured the company has remained competitive within the marketplace.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**ECONOMIC RISK**

Economic uncertainty is expected to continue as a result of ongoing changes within the political environment, particularly surrounding Brexit, the war in Ukraine and more recently the weakening of the GBP v USD. Shortages of, and increases in material prices, the spiraling energy crisis all contribute to increase costs which will further impact on margins in an already highly competitive marketplace.

**CREDIT RISK**

Many of the company's customers are long standing and this, along with robust credit checking policies and procedures in respect of all new customers, has helped to mitigate the level of credit risk.

**LIQUIDITY RISK**

The company monitors a number of internal and external KPI's with a key focus on cash generation from operating activities which has increased during the year.

**FUTURE DEVELOPMENTS**

Despite the many challenges, the order book for the next year remains robust. As the hospitality and retail sectors continue to invest, Ashleigh Signs will be very well placed to assist them on their journey. Management remains positive that with their diverse portfolio of clients, coupled with an exceptional workforce, the company will continue to grow into the future with the vision of being better than before!

**SUMMARY**

Despite the many challenges we faced, 2021/22 was a successful and profitable year, which further demonstrates our strength within the market. The company continues to improve in efficiency and competitiveness by investing in fixed assets, facilities and the development of staff with a view to increased growth. Costs are constantly reviewed and managed to improve margins and profitability, with emphasis being placed on stakeholder relationships. The year to March 2023 has picked up considerably in recent months and we expect to see that trend continue throughout the financial year.

**ON BEHALF OF THE BOARD:**

Mr A W Sadler - Director

23 November 2022



Report of the Directors  
for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 March 2022 will be £1,000,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

Mr A S Bedford  
Mr T A Sadler  
Mrs A E Sadler  
Mr A W Sadler

**DONATIONS**

Charitable donations of £10,787 were made during the year.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the Company's operations.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

**Credit risk**

The Company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The Company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

**DISCLOSURE IN THE STRATEGIC REPORT**

Disclosures with regard to review of the business, principal risks and uncertainties, key performance indicators and future plans are included in the strategic report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.



Report of the Directors  
for the Year Ended 31 March 2022

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Under section 487(2) of the Companies Act 2006, Haines Watts will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**ON BEHALF OF THE BOARD:**

Mr A W Sadler - Director

23 November 2022



### **Opinion**

We have audited the financial statements of Ashleighsigns Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.



**Auditors' responsibilities for the audit of the financial statements**

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

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

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.

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

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

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

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

To address the risk of fraud through management bias and override of controls, including the impact on revenue recognition, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- used data analytics software to test journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosure to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Report of the Independent Auditors to the Members of  
Ashleighsigns Limited

**Use of our report**

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

Matthew Barton BA (Hons) FCA CTA (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants &  
Statutory Auditors  
Sterling House  
1 Sheepscar Court  
Meanwood Road  
Leeds  
West Yorkshire  
LS7 2BB

13 December 2022



Statement of Comprehensive Income  
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
<b>TURNOVER</b>		19,318,648	16,064,211
Cost of sales		11,181,679	9,337,119
<b>GROSS PROFIT</b>		8,136,969	6,727,092
Administrative expenses		6,162,795	6,191,085
		1,974,174	536,007
Other operating income		73,221	1,513,114
<b>OPERATING PROFIT</b>	7	2,047,395	2,049,121
Interest receivable and similar income	8	118	999
		2,047,513	2,050,120
Interest payable and similar expenses	9	32,999	27,383
<b>PROFIT BEFORE TAXATION</b>		2,014,514	2,022,737
Tax on profit	10	79,642	266,823
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,934,872	1,755,914
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,934,872	1,755,914



Balance Sheet  
31 March 2022

	Notes	2022 £	£	2021 £	£
<b>FIXED ASSETS</b>					
Intangible assets	12		155,133		226,733
Tangible assets	13		<u>582,588</u>		<u>528,304</u>
			<u>737,721</u>		<u>755,037</u>
<b>CURRENT ASSETS</b>					
Stocks	14	643,378		520,145	
Debtors	15	8,341,211		5,808,060	
Cash at bank and in hand		<u>1,333,196</u>		<u>3,629,029</u>	
		10,317,785		9,957,234	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>3,505,598</u>		<u>3,644,248</u>	
<b>NET CURRENT ASSETS</b>			<u>6,812,187</u>		<u>6,312,986</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,549,908		7,068,023
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(1,137,500)		(1,526,594)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(370,180)</u>		<u>(434,073)</u>
<b>NET ASSETS</b>			<u>6,042,228</u>		<u>5,107,356</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		64,000		64,000
Share premium	22		2,975		2,975
Capital redemption reserve	22		61,000		61,000
Retained earnings	22		<u>5,914,253</u>		<u>4,979,381</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,042,228</u>		<u>5,107,356</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2022 and were signed on its behalf by:

Mr A W Sadler - Director



Statement of Changes in Equity  
for the Year Ended 31 March 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1 April 2020</b>	64,000	7,223,467	2,975	61,000	7,351,442
<b>Changes in equity</b>					
Dividends	-	(4,000,000)	-	-	(4,000,000)
Total comprehensive income	-	1,755,914	-	-	1,755,914
<b>Balance at 31 March 2021</b>	64,000	4,979,381	2,975	61,000	5,107,356
<b>Changes in equity</b>					
Dividends	-	(1,000,000)	-	-	(1,000,000)
Total comprehensive income	-	1,934,872	-	-	1,934,872
<b>Balance at 31 March 2022</b>	64,000	5,914,253	2,975	61,000	6,042,228



Notes to the Financial Statements  
for the Year Ended 31 March 2022

1. **STATUTORY INFORMATION**

Ashleighsigns Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current conditions, and the current resources available, the Directors have concluded as per the Strategic report that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

**Turnover**

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

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2020, is being amortised evenly over its estimated useful life of five years.

**Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets using the reducing balance method.

Depreciation is provided on the following basis:

Motor vehicles - 25% reducing balance basis

Plant and machinery - 25% reducing balance basis

Other tangibles - 25% reducing balance basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.



3. **ACCOUNTING POLICIES - continued**

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit or loss.

**Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

The Company's functional and presentational currency is GBP (£).

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.



3. **ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term creditors are measured at the transaction price.

**Provision for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into accounts relevant risks and uncertainties.

When payments are eventually made, they are charge to the provision carried in the balance sheet.

**Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**Interest income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Employee benefits**

Short term employee benefits, including holiday pay and other similar non monetary benefits, are recognised as an expense in the period in which they are incurred.

**Government grants**

Government grants are recognised using the accruals model. Grants relating to revenue are recognised in the income statement on a systematic basis over the period in which the company recognises the related costs for which the grants is intended to compensate.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these key judgments and estimates have been made include the remedial works provision.



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

5. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	4,026,603	4,168,207
Social security costs	420,429	375,745
Other pension costs	161,303	238,217
	<u>4,608,335</u>	<u>4,782,169</u>

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

	2022	2021
Production	81	96
Administration and support	38	38
Sales	15	15
Directors	4	4
	<u>138</u>	<u>153</u>

6. **DIRECTORS' EMOLUMENTS**

	2022	2021
	£	£
Directors' remuneration	329,899	355,661
Directors' pension	<u>66,000</u>	<u>108,000</u>

The highest paid director received remuneration of £113,249 (2021: £123,727).

Company contributions to defined contribution pension schemes in respect of the highest paid director amount to £26,000 (2021: £40,000).

7. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	132,422	145,813
Depreciation - assets on hire purchase contracts	20,487	27,317
(Profit)/loss on disposal of fixed assets	(18,209)	2,968
Goodwill amortisation	71,600	71,600
Auditors' remuneration	9,000	9,000
Foreign exchange differences	<u>3,408</u>	<u>1,961</u>

8. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	2021
	£	£
Deposit account interest	<u>118</u>	<u>999</u>

9. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Other interest payable	29,375	23,515
Hire purchase	<u>3,624</u>	<u>3,868</u>
	<u>32,999</u>	<u>27,383</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

10. **TAXATION**

**Analysis of the tax charge**

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

	2022 £	2021 £
Current tax:		
UK corporation tax	382,000	420,600
Adjustments in respect of previous periods	(313,165)	(130,524)
Total current tax	68,835	290,076
Deferred tax	10,807	(23,253)
Tax on profit	79,642	266,823

UK corporation tax was charged at 19%) in 2021.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	2,014,514	2,022,737
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	382,758	384,320
Effects of:		
Expenses not deductible for tax purposes	18,094	16,167
Capital allowances in excess of depreciation	(8,572)	-
Adjustments to tax charge in respect of previous periods	(313,165)	(130,524)
Rounding	527	75
Deferred tax from unrecognised difference from a prior period adjustment in research and	-	(3,215)
Total tax charge	79,642	266,823

11. **DIVIDENDS**

	2022 £	2021 £
Ordinary shares of £1 each		
Final	1,000,000	4,000,000



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

12. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 April 2021	
and 31 March 2022	358,000
<b>AMORTISATION</b>	
At 1 April 2021	131,267
Amortisation for year	71,600
At 31 March 2022	202,867
<b>NET BOOK VALUE</b>	
At 31 March 2022	155,133
At 31 March 2021	226,733

13. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 April 2021	239,426	2,073,190	763,490	3,076,106
Additions	79,896	150,404	55,708	286,008
Disposals	-	-	(246,008)	(246,008)
At 31 March 2022	319,322	2,223,594	573,190	3,116,106
<b>DEPRECIATION</b>				
At 1 April 2021	170,251	1,833,209	544,342	2,547,802
Charge for year	23,380	80,520	49,009	152,909
Eliminated on disposal	-	-	(167,193)	(167,193)
At 31 March 2022	193,631	1,913,729	426,158	2,533,518
<b>NET BOOK VALUE</b>				
At 31 March 2022	125,691	309,865	147,032	582,588
At 31 March 2021	69,175	239,981	219,148	528,304

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

	Plant and machinery £
<b>COST</b>	
At 1 April 2021	
and 31 March 2022	259,000
<b>DEPRECIATION</b>	
At 1 April 2021	177,052
Charge for year	20,487
At 31 March 2022	197,539
<b>NET BOOK VALUE</b>	
At 31 March 2022	61,461
At 31 March 2021	81,948



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

14. **STOCKS**

	2022	2021
	£	£
Stocks	<u>643,378</u>	<u>520,145</u>

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	4,944,487	2,303,410
Other debtors	-	2,275
Amounts owed by related parties	3,254,670	3,405,171
Directors' loan accounts	1,542	-
Prepayments and accrued income	<u>140,512</u>	<u>97,204</u>
	<u>8,341,211</u>	<u>5,808,060</u>

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Other loans (see note 18)	332,797	262,500
Hire purchase contracts (see note 19)	38,850	46,620
Trade creditors	1,496,923	780,067
Amounts owed to group undertakings	748,917	498,000
Tax	82,025	333,881
Social security and other taxes	526,130	774,670
Directors' loan accounts	-	127,065
Accruals and deferred income	<u>279,956</u>	<u>821,445</u>
	<u>3,505,598</u>	<u>3,644,248</u>

Included within the above liabilities are obligations under hire purchase of £38,850 (2021: £46,620) which are secured by the company.

17. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Other loans (see note 18)	1,137,500	1,487,500
Hire purchase contracts (see note 19)	-	39,094
	<u>1,137,500</u>	<u>1,526,594</u>

Included within the above liabilities are obligations under hire purchase of £NIL (2021: £39,094) which are secured by the company.

18. **LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>332,797</u>	<u>262,500</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>1,137,500</u>	<u>1,487,500</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

19. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Net obligations repayable:		
Within one year	38,850	46,620
Between one and five years	-	39,094
	<u>38,850</u>	<u>85,714</u>

20. **PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax	60,080	49,273
Other provisions	310,100	384,800
	<u>370,180</u>	<u>434,073</u>

	Deferred tax £
Balance at 1 April 2021	49,273
Charge to Statement of Comprehensive Income during year	10,807
Balance at 31 March 2022	<u>60,080</u>

	2022 £	2022 £
Accelerated capital allowances	60,081	49,843
Pension creditor	-	(570)
	<u>60,081</u>	<u>49,273</u>

Other provisions represent a provision in respect of remedial works.

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022 £	2021 £
Number:	Class:			
64,000	Ordinary	1	<u>64,000</u>	<u>64,000</u>

22. **RESERVES**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2021	4,979,381	2,975	61,000	5,043,356
Profit for the year	1,934,872			1,934,872
Dividends	(1,000,000)			(1,000,000)
At 31 March 2022	<u>5,914,253</u>	<u>2,975</u>	<u>61,000</u>	<u>5,978,228</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

**23. PENSION COMMITMENTS**

At the year end £NIL (2021: £3,000) was outstanding in pension contributions payable. During the year a total of £161,303 was charged to the profit and loss account (2021: £238,217) for staff and directors pension contributions.

**24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

Included within debtors at the period end is a balance of £1,542 owed by directors (2021: £NIL). The maximum outstanding balance during the year was £1,542. The loan was unsecured and interest free and has been fully repaid within the year.

**25. RELATED PARTY DISCLOSURES**

In accordance with the exemption allowed by FRS 102, no disclosures are made of transactions with other wholly owned member companies of the AVTO Holdings Limited Group.

Included within debtors at the year end is a balance of £1,542 owed from directors (2021: £127,565 owed to directors).

Included within debtors is a balance of £2,388,194 (2021: £2,561,072) owed by a related company. The two companies are related because of common ownership and management.

Included within debtors is a balance of £864,416 (2021: £833,153) owed by a related company. The two companies are related because of common ownership and management.

Included within debtors is a balance of £2,060 (2021: £10,946) owed by a related company. The two companies are related because of common ownership and management.

Payments to key management personnel for the year totalled £684,489 (2021: £814,816).

No further transactions with related parties took place as are required to be reported under FRS 102.

**26. ULTIMATE CONTROLLING PARTY**

The Company's parent undertaking is AVTO Holdings Limited, a company registered in England and Wales. Copies of the accounts of AVTO Holdings Limited may be obtained from the registered office at Ashleigh House, Beckbridge Road, Normanton Industrial Estate, Normanton, West Yorkshire, WF6 1TE.

The ultimate controlling party is A W Sadler.



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