

Registration number: 07453589

# Paton Capital Ltd

Annual Report and Consolidated Financial Statements  
for the Year Ended 31 March 2022

Stewart & Co Accountants LLP  
Registered Auditors and Chartered Accountants  
Knoll House  
Knoll Road  
Camberley  
Surrey  
GU15 3SY

# Paton Capital Ltd

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# **Paton Capital Ltd**

## **Company Information**

<b>Directors</b>	N H Paton A J Cushen
<b>Registered office</b>	Knoll House Knoll Road Camberley Surrey GU15 3SY
<b>Auditors</b>	Stewart & Co Accountants LLP Registered Auditors and Chartered Accountants Knoll House Knoll Road Camberley Surrey GU15 3SY

# **Paton Capital Ltd**

## **Strategic Report for the Year Ended 31 March 2022**

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

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

The principal activity of the group in the year under review was the provision of refurbishment, interior fit out services, design and build, property developments and manufacturing to support these activities. The group operates principally in the hotel, restaurants and bars, leisure and bespoke residential sectors.

The first quarter of the year was slow with delays in start dates of some projects this in turn meant a lower turnover to that of previous years pre covid. This is reflected in our turnover of £13,700,310, but greatly improved from last year (2021: £7,284,255). The company has focused its efforts during this period working with existing clients, diversifying into different sectors to provide greater range in our services and expanding our client base to help secure future projects in the coming year.

The company continues to invest in training and emphasise site safety. Work has been successfully procured where equality and delivery are valued highly by customers and the team continues to build on this strength.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group are:

- An uncertain economic outlook for the general UK economy
- High inflation cost on materials, fuel and energy
- The impact of Brexit on our supply chain
- Potential regulatory and legislative changes in the industry regarding health and safety

In addition the group is exposed to the usual business risks associated with its core operations:

- The credit risk associated with completing works ahead of being paid.
- The availability of working capital to fund large and complex projects
- The impact on customer demand due to changes in the UK economy
- A skills shortage in the labour market
- The inflation risk associated with delivering fixed price contracts
- The health and safety of our team in sometimes challenging operating environments
- The impact of a material reduction in workload on high fixed operating costs

The board regularly monitors and manages these risks through commercial arrangements, employing appropriately skilled and qualified people with a dedication and enthusiasm for their roles and providing appropriate training for all where it is considered necessary.

### **Future developments**

The company is forecasting a return to turnover levels achieved in 2018 for the next financial period, and then an increase to 2019 levels for 2023/24, as the company continues to secure new projects from existing clients. The company continues to diversify and expand its customer base.

# **Paton Capital Ltd**

## **Strategic Report for the Year Ended 31 March 2022**

### **Key performance indicators**

The directors use turnover, profitability and overhead as a percentage of turnover as the key financial indicators as well as monitoring future secured pipeline of work.

The directors consider non-financial measures like staff satisfaction, customer satisfaction, delivery and health and safety. Focusing on these key performance indicators enable the company to successfully deliver high quality projects.

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....

A J Cushen  
Director

# **Paton Capital Ltd**

## **Directors' Report for the Year Ended 31 March 2022**

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

### **Directors of the group**

The directors who held office during the year were as follows:

N H Paton

A J Cushen

### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £363,504 (2021: £1,613,504). The directors do not recommend payment of a further dividend.

### **Information included in the Strategic Report**

The company in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

### **Financial instruments**

The group does not use any financial instruments to hedge its risks associated with price, credit, liquidity or cash flow.

### **Research and development**

The group did not undertake research and development activities during the year (2021: Nil).

### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....

A J Cushen

Director

## **Paton Capital Ltd**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Paton Capital Ltd**

## **Independent Auditor's Report to the Members of Paton Capital Ltd**

### **Qualified opinion**

We have audited the financial statements of Paton Capital Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

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

### **Basis for qualified opinion on financial statements**

Due to circumstances caused by the Covid pandemic we were unable to observe the counting of physical inventories at the end of the financial year ended 31 March 2020 in regards to a subsidiary of the parent company, whose results have been consolidated into these financial statements. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of finished goods and raw materials held at 31 March 2020 of £136,229, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount at 31 March 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. Our audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 qualified opinion.

# **Paton Capital Ltd**

## **Independent Auditor's Report to the Members of Paton Capital Ltd**

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £136,229 held at 31 March 2020. We have concluded that where other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

### **Opinion on other matter prescribed by the Companies Act 2006**

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

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

Except for the matter described in the basis for qualified opinion section of our report, in light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit and we were unable to determine whether adequate accounting records have been kept.

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:

## **Paton Capital Ltd**

### **Independent Auditor's Report to the Members of Paton Capital Ltd**

- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], 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 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.

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:

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, we have obtained an understanding of the nature of the industry, the control environment and the legal and regulatory frameworks that the group operates in.

We determined that the most significant applicable legal and regulatory frameworks are those directly relevant to the reporting framework and preparation of the financial statements (FRS 102, Companies Act 2006 and UK tax legislation). We also consider equivalent local laws and regulations applicable to component audit teams to be significant. We considered the extent to which non-compliance might have a material effect on the financial statements.

We determined the principal risks which could lead to material misstatement of the financial statements to be related to posting inappropriate journal entries and management bias in accounting estimates. We identified the most significant risks in respect of accounting estimates to be the determination of level of accrued contract revenue.

Audit procedures performed by the engagement team included:

- Identifying those members of the group who have the primary responsibility for ensuring compliance with laws and regulations;
- Enquiries with management, to understand managements' approach to ensuring compliance with laws and regulations, and to obtain knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
- Evaluating managements' incentives and opportunities for manipulation of the financial statements (including management override of controls);

## **Paton Capital Ltd**

### **Independent Auditor's Report to the Members of Paton Capital Ltd**

- Testing journal entries and performing analytical procedures to identify any unusual transactions, or those outside the normal course of business, which may indicate risks of material misstatement due to fraud;
- Testing of balances and transactions that are subject to estimation uncertainty by review of evidence supporting the assumptions and judgements used, and determining whether those judgements used indicate potential bias;
- Reading minutes of meetings of those charged with governance;
- Review of legal expense accounts to identify spend which may be indicative of breaches of laws and regulations;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the provisions of laws and regulations described above.

The engagement team also remained aware of the need for professional scepticism to identify any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available 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 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.

.....  
Gary Robinson MSc BSc FCA (Senior Statutory Auditor)

For and on behalf of Stewart & Co Accountants LLP, Statutory Auditor

Knoll House

Knoll Road

Camberley

Surrey

GU15 3SY

22 December 2022

## Paton Capital Ltd

### Consolidated Income Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	13,700,310	7,284,335
Cost of sales		<u>(11,122,722)</u>	<u>(6,528,806)</u>
Gross profit		2,577,588	755,529
Administrative expenses		(1,427,388)	(1,690,335)
Other operating income	<u>4</u>	<u>55,542</u>	<u>125,706</u>
Operating profit/(loss)	<u>5</u>	<u>1,205,742</u>	<u>(809,100)</u>
Other interest receivable and similar income	<u>6</u>	11,095	7,210
Interest payable and similar expenses	<u>7</u>	<u>(2,702)</u>	<u>(6,082)</u>
		<u>8,393</u>	<u>1,128</u>
Profit/(loss) before tax		1,214,135	(807,972)
Tax on profit/(loss)	<u>11</u>	<u>(193,371)</u>	<u>122,442</u>
Profit/(loss) for the financial year		<u>1,020,764</u>	<u>(685,530)</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		<u>1,020,764</u>	<u>(685,530)</u>

The group has no recognised gains or losses for the year other than the results above.

## Paton Capital Ltd

### Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	2022 £	2021 £
Profit/(loss) for the year	<u>1,020,764</u>	<u>(685,530)</u>
Total comprehensive income for the year	<u><u>1,020,764</u></u>	<u><u>(685,530)</u></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	<u><u>1,020,764</u></u>	<u><u>(685,530)</u></u>

# Paton Capital Ltd

(Registration number: 07453589)

## Consolidated Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	<u>12</u>	1,970,691	1,858,187
<b>Current assets</b>			
Stocks	<u>14</u>	333,048	253,853
Debtors	<u>15</u>	3,363,959	1,761,022
Cash at bank and in hand		591,798	278,422
		<u>4,288,805</u>	<u>2,293,297</u>
<b>Creditors: Amounts falling due within one year</b>	<u>17</u>	<u>(2,066,147)</u>	<u>(1,524,203)</u>
<b>Net current assets</b>		<u>2,222,658</u>	<u>769,094</u>
<b>Total assets less current liabilities</b>		4,193,349	2,627,281
<b>Creditors: Amounts falling due after more than one year</b>	<u>17</u>	<u>(959,148)</u>	<u>(60,398)</u>
<b>Provisions for liabilities</b>	<u>18</u>	<u>(64,388)</u>	<u>(54,330)</u>
<b>Net assets</b>		<u>3,169,813</u>	<u>2,512,553</u>
<b>Capital and reserves</b>			
Called up share capital	<u>20</u>	100	100
Revaluation reserve	<u>21</u>	84,265	84,265
Profit and loss account	<u>21</u>	3,085,448	2,428,188
Equity attributable to owners of the company		<u>3,169,813</u>	<u>2,512,553</u>
Shareholders' funds		<u>3,169,813</u>	<u>2,512,553</u>

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....  
A J Cushen  
Director

# Paton Capital Ltd

(Registration number: 07453589)

## Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	<u>12</u>	470,000	470,000
Investments	<u>13</u>	1,100	1,100
		471,100	471,100
<b>Current assets</b>			
Debtors	<u>15</u>	1,603	1,859
Cash at bank and in hand		13,449	78,426
		15,052	80,285
<b>Creditors:</b> Amounts falling due within one year	<u>17</u>	(259,944)	(294,389)
<b>Net current liabilities</b>		(244,892)	(214,104)
<b>Total assets less current liabilities</b>		226,208	256,996
<b>Creditors:</b> Amounts falling due after more than one year	<u>17</u>	-	(60,398)
<b>Net assets</b>		226,208	196,598
<b>Capital and reserves</b>			
Called up share capital	<u>20</u>	100	100
Revaluation reserve		84,265	84,265
Profit and loss account		141,843	112,233
Shareholders' funds		226,208	196,598

No income statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £393,114 (2021 - profit of £1,642,883).

Approved and authorised by the Board on 22 December 2022 and signed on its behalf by:

.....  
A J Cushen  
Director

**Paton Capital Ltd**

**Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022**  
**Equity attributable to the parent company**

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £	Total equity £
At 1 April 2021	100	84,265	2,428,188	2,512,553	2,512,553
Profit for the year	-	-	1,020,764	1,020,764	1,020,764
Dividends	-	-	(363,504)	(363,504)	(363,504)
At 31 March 2022	100	84,265	3,085,448	3,169,813	3,169,813
At 1 April 2020	100	84,265	4,727,222	4,811,587	4,811,587
Loss for the year	-	-	(685,530)	(685,530)	(685,530)
Total comprehensive income	-	-	(685,530)	(685,530)	(685,530)
Dividends	-	-	(1,613,504)	(1,613,504)	(1,613,504)
At 31 March 2021	100	84,265	2,428,188	2,512,553	2,512,553

The notes on pages 17 to 36 form an integral part of these financial statements.  
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**Paton Capital Ltd**

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

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2021	100	84,265	112,233	196,598
Profit for the year	-	-	393,114	393,114
Dividends	-	-	(363,504)	(363,504)
At 31 March 2022	100	84,265	141,843	226,208
	<b>Share capital</b> £	<b>Revaluation</b> reserve £	<b>Profit and loss</b> account £	<b>Total</b> £
At 1 April 2020	100	84,265	82,854	167,219
Profit for the year	-	-	1,642,883	1,642,883
Dividends	-	-	(1,613,504)	(1,613,504)
At 31 March 2021	100	84,265	112,233	196,598

The notes on pages 17 to 36 form an integral part of these financial statements.  
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## Paton Capital Ltd

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		1,020,764	(685,530)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	104,060	103,964
Finance income	<u>6</u>	(11,095)	(7,210)
Finance costs	<u>7</u>	2,702	6,082
Income tax expense	<u>11</u>	193,371	(122,442)
		1,309,802	(705,136)
Working capital adjustments			
(Increase)/decrease in stocks	<u>14</u>	(79,195)	115,740
(Increase)/decrease in trade debtors	<u>15</u>	(1,721,587)	3,373,256
Increase/(decrease) in trade creditors	<u>17</u>	176,632	(936,852)
Cash generated from operations		(314,348)	1,847,008
Income taxes received/(paid)	<u>11</u>	43,308	(339,976)
Net cash flow from operating activities		(271,040)	1,507,032
<b>Cash flows from investing activities</b>			
Interest received		11,095	7,210
Acquisitions of tangible assets		(216,947)	(977,025)
Proceeds from sale of tangible assets		383	115,418
Net cash flows from investing activities		(205,469)	(854,397)
<b>Cash flows from financing activities</b>			
Interest paid	<u>7</u>	(2,702)	(6,082)
Proceeds from bank borrowing draw downs		986,073	(13,089)
Payments to finance lease creditors		170,018	-
Dividends paid		(363,504)	(1,613,504)
Net cash flows from financing activities		789,885	(1,632,675)
Net increase/(decrease) in cash and cash equivalents		313,376	(980,040)
Cash and cash equivalents at 1 April		278,422	1,258,462
Cash and cash equivalents at 31 March		591,798	278,422

# **Paton Capital Ltd**

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

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales. The registered number is 07453589.

The address of its registered office is:

Knoll House  
Knoll Road  
Camberley  
Surrey  
GU15 3SY  
United Kingdom

The principal place of business is:

Capital House  
Guildford Road  
Runfold  
Farnham  
Surrey  
GU10 1PG

These financial statements were authorised for issue by the Board on 22 December 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements have been rounded to the nearest £.

#### **Summary of disclosure exemptions**

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Disclosures required under paragraphs 11.39 to 11.48A, and paragraphs 12.26 to 12.29;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel..

# **Paton Capital Ltd**

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

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

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

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### **Going concern**

The directors have performed an assessment of the ability of the group to continue trading as a going concern, and have prepared cash flow forecasts which demonstrate that the group can continue in operation for at least 12 months from the date of signing these accounts. The directors therefore determine the going concern basis of preparation continues to be appropriate.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

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 when 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.

## **Paton Capital Ltd**

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

#### **Key sources of estimation uncertainty**

Gross amounts due from customers for contract work:

The group has made an assessment on the stage of completion of long-term contracts not complete at the reporting date. Such assessments determine the amount of turnover and related costs recognised in the profit and loss account, and are based on surveys performed of work completed.. The carrying amount is £259,702 (2021 -£415,912).

#### **Revenue recognition**

Turnover is recognised at the fair value of the consideration received or receivable for goods or services provided in the normal course of business, and is shown net of VAT.

Where the outcome of a construction 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 based on surveys and work performed. 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.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

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 stage of completion. These costs are presented as assets, provided it is probable they will be recovered.

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.

#### **Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

# Paton Capital Ltd

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Properties whose fair value can be measured reliably are held under the revaluation model. Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and losses are recognised in profit or loss.

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 recognised in the profit and loss account.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	Straight line over 50 years to residual value
Leasehold improvements	Straight line over the lease term
Plant and machinery	15% reducing balance
Computer equipment	33% reducing balance
Freehold land	Not depreciated
Motor vehicles	25% reducing balance

The directors are of the opinion that the ongoing maintenance work undertaken keeps the freehold property to a high standard of repair. The directors believe the residual value of the property is not materially less than the value at which the property is shown in the financial statements. For these reasons, whilst the policy is to depreciate over 50 years to residual value, no depreciation has been recognised in these financial statements as the residual value is considered to be equivalent to the deemed cost recognised. The directors believe this to be showing a true and fair view as required by Section 393 of the Companies Act 2006.

### Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

# **Paton Capital Ltd**

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

### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

In the parent company financial statements, investments in subsidiaries are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

### **Cash and cash equivalents**

Cash is represented by cash in hand and bank deposits.

### **Trade debtors**

Short term debtors are measured at transaction price, less any impairment.

### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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 profit or loss.

Costs incurred in connection with future activity on a contract are presented as stock if it is possible that costs will be recovered.

### **Trade creditors**

Short term creditors are measured at the transaction price.

### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Paton Capital Ltd**

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

#### **Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Termination benefits**

Termination benefits are recognised as an expense in profit or loss immediately when the company is committed by legislation, by contractual or other agreements or by a constructive obligation to make payments (or provide other benefits) to employees when it terminates their employment.

Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

# Paton Capital Ltd

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

### Financial instruments

#### *Recognition and measurement*

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

The group only enters into basic financial instruments 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 and loans to related parties. These are measured at transaction price including transaction costs, and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets and financial liabilities classified as receivable or payable within one year are not amortised.

#### *Impairment*

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. The impairment loss is recognised in profit or loss.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### 3 Turnover

The analysis of the group's revenue for the year from continuing operations is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Revenue from construction contracts	-	128,000
Revenue from contracts and sale of goods	13,652,734	7,035,268
Distribution income	47,576	121,067
	<u>13,700,310</u>	<u>7,284,335</u>

### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Government grants	21,863	85,961
Miscellaneous other operating income	33,679	39,745
	<u>55,542</u>	<u>125,706</u>

## Paton Capital Ltd

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

#### 5 Operating profit/(loss)

Arrived at after charging/(crediting)

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation expense	104,060	103,964
Operating lease expense - plant and machinery	73,509	81,024
	73,509	81,024

#### 6 Other interest receivable and similar income

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other finance income	11,095	7,210
	11,095	7,210

#### 7 Interest payable and similar expenses

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	2,702	3,501
Interest expense on other finance liabilities	-	2,581
	2,702	6,082

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,217,919	1,127,570
Social security costs	138,606	127,131
Other short-term employee benefits	6,115	10,150
Pension costs, defined contribution scheme	12,996	14,178
	1,375,636	1,279,029

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Office	15	22
Warehouse	3	3
Site	4	4
	22	29

## Paton Capital Ltd

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

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	180,000	190,642

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	170,000	170,000
Company contributions to money purchase pension schemes	1,319	1,313

#### 10 Auditors' remuneration

	2022	2021
	£	£
Audit of these financial statements	4,030	3,055
Audit of the financial statements of subsidiaries of the company pursuant to legislation	11,720	11,590
	15,750	14,645
<b>Other fees to auditors</b>		
All other non-audit services	17,888	13,572

## Paton Capital Ltd

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

#### 11 Taxation

Tax charged/(credited) in the consolidated income statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	183,057	(115,221)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>10,314</u>	<u>(7,221)</u>
Tax expense/(receipt) in the income statement	<u><u>193,371</u></u>	<u><u>(122,442)</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit/(loss) before tax	<u>1,214,135</u>	<u>(807,972)</u>
Corporation tax at standard rate	230,686	(153,515)
Effect of expense not deductible in determining taxable profit (tax loss)	12,682	4,320
Effect of tax losses	(12,016)	44,858
Tax decrease from effect of capital allowances and depreciation	<u>(37,981)</u>	<u>(18,105)</u>
Total tax charge/(credit)	<u><u>193,371</u></u>	<u><u>(122,442)</u></u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Paton Capital Ltd

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

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2022</b>		
Accelerated capital allowances	1,603	64,388
	1,603	64,388

	Asset £	Liability £
<b>2021</b>		
Accelerated capital allowances	1,859	54,330
	1,859	54,330

##### Company

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2022</b>		
Accelerated capital allowances	1,603	-
	1,603	-

	Asset £	Liability £
<b>2021</b>		
Accelerated capital allowances	1,859	-
	1,859	-

The deferred tax liability relates to accelerated capital allowances that are expected to mature in the same period.

## Paton Capital Ltd

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

#### 12 Tangible assets

##### Group

	Freehold land and buildings £	Leasehold improvements £	Office equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>							
At 1 April 2021	1,430,740	460,428	53,794	169,898	140,518	113,230	2,368,608
Additions	-	-	945	-	5,080	210,922	216,947
Disposals	-	-	-	-	(1,224)	-	(1,224)
At 31 March 2022	<u>1,430,740</u>	<u>460,428</u>	<u>54,739</u>	<u>169,898</u>	<u>144,374</u>	<u>324,152</u>	<u>2,584,331</u>
<b>Depreciation</b>							
At 1 April 2021	-	194,896	34,386	102,325	93,582	85,232	510,421
Charge for the year	-	48,142	6,639	17,278	13,252	18,749	104,060
Eliminated on disposal	-	-	-	-	(841)	-	(841)
At 31 March 2022	<u>-</u>	<u>243,038</u>	<u>41,025</u>	<u>119,603</u>	<u>105,993</u>	<u>103,981</u>	<u>613,640</u>
<b>Carrying amount</b>							
At 31 March 2022	<u>1,430,740</u>	<u>217,390</u>	<u>13,714</u>	<u>50,295</u>	<u>38,381</u>	<u>220,171</u>	<u>1,970,691</u>
At 31 March 2021	<u>1,430,740</u>	<u>265,532</u>	<u>19,408</u>	<u>67,573</u>	<u>46,936</u>	<u>27,998</u>	<u>1,858,187</u>

##### Company

	Land and buildings £	Total £
<b>Cost or valuation</b>		
At 1 April 2021	<u>470,000</u>	<u>470,000</u>
At 31 March 2022	<u>470,000</u>	<u>470,000</u>
<b>Depreciation</b>		

**Carrying amount**

At 31 March 2022	<u>470,000</u>	<u>470,000</u>
At 31 March 2021	<u>470,000</u>	<u>470,000</u>

Included within the net book value of land and buildings above is £470,000 (2021 - £470,000) in respect of freehold land and buildings.

## Paton Capital Ltd

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

#### 13 Investments

##### Company

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	<u>1,100</u>	<u>1,100</u>
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 1 April 2021		<u>1,100</u>
<b>Provision</b>		
<b>Carrying amount</b>		
At 31 March 2022		<u>1,100</u>
At 31 March 2021		<u>1,100</u>

## Paton Capital Ltd

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

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
<b>Subsidiary undertakings</b>				
Capital Fabrication Limited	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY England	Ordinary	100%	100%
Paton Developments Limited	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY England	Ordinary	100%	100%

All of the above subsidiaries are included in the consolidation. All investments in subsidiaries are direct ownership. The principal activity of Capital Fabrication Limited is that of steel work manufacture, and Paton Developments Limited is building refurbishment and development.

#### 14 Stocks

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Work in progress	299,405	217,027	-	-
Finished goods and goods for resale	33,643	36,826	-	-
	<u>333,048</u>	<u>253,853</u>	<u>-</u>	<u>-</u>

## Paton Capital Ltd

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

#### 15 Debtors

Group trade debtors are stated after provisions for impairment of £Nil (2021: £Nil).

Current	Note	Group		Company	
		2022 £	2021 £	2022 £	2021 £
Trade debtors		1,795,023	467,791	-	-
Amounts owed by related parties	<u>26</u>	1,039,167	673,477	-	-
Other debtors		219,145	20,237	-	-
Prepayments		31,268	45,301	-	-
Gross amount due from customers for contract work		259,702	415,912	-	-
Deferred tax assets	<u>11</u>	1,603	1,859	1,603	1,859
Corporation tax recoverable	<u>11</u>	18,051	136,445	-	-
		<u>3,363,959</u>	<u>1,761,022</u>	<u>1,603</u>	<u>1,859</u>

#### 16 Cash and cash equivalents

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Cash on hand	-	347	-	-
Cash at bank	591,798	278,075	13,449	78,426
	<u>591,798</u>	<u>278,422</u>	<u>13,449</u>	<u>78,426</u>

#### 17 Creditors

	Note	Group		Company	
		2022 £	2021 £	2022 £	2021 £
<b>Due within one year</b>					
Bank borrowings	<u>22</u>	226,830	13,693	60,164	13,693
HP and finance lease liabilities	<u>22</u>	44,204	-	-	-
Trade creditors		624,898	837,685	-	7,224
Amounts due to related parties	<u>26</u>	120,399	60,833	189,099	263,099
Social security and other taxes		506,546	388,705	-	-
Outstanding defined contribution pension costs		5,333	7,969	-	-
Other payables		1	74	-	-
Accruals		427,591	212,870	7,200	7,200
Corporation tax payable	<u>11</u>	110,345	2,374	3,481	3,173
		<u>2,066,147</u>	<u>1,524,203</u>	<u>259,944</u>	<u>294,389</u>

## Paton Capital Ltd

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

	Note	Group		Company	
		2022 £	2021 £	2022 £	2021 £
<b>Due after one year</b>					
Bank borrowings	<u>22</u>	833,334	60,398	-	60,398
HP and finance lease liabilities	<u>22</u>	125,814	-	-	-
		959,148	60,398	-	60,398

#### 18 Provisions for liabilities

##### Group

	Deferred tax £	Total £
At 1 April 2021	54,330	54,330
Increase (decrease) in existing provisions	10,058	10,058
At 31 March 2022	64,388	64,388

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £12,996 (2021 - £14,178). Contributions totalling £5,333 (2021 - £7,969) were payable to the scheme at the end of the year and are included in creditors.

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100
		100	100	100

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

## Paton Capital Ltd

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

#### 21 Reserves

##### Group

Revaluation reserve

This reserve records revaluation gains on the property, plant and equipment. The current balance represents the revaluation gain from historic cost to deemed cost now used for the freehold property.

Profit and loss account

This reserve records retained earnings and accumulated losses.

#### 22 Loans and borrowings

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>				
Bank borrowings	833,334	60,398	-	60,398
Finance lease liabilities	125,814	-	-	-
	<u>959,148</u>	<u>60,398</u>	<u>-</u>	<u>60,398</u>

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current loans and borrowings</b>				
Bank borrowings	226,830	13,693	60,164	13,693
Finance lease liabilities	44,204	-	-	-
	<u>271,034</u>	<u>13,693</u>	<u>60,164</u>	<u>13,693</u>

The bank loan is secured by way of a first legal charge over the group's freehold property.

Included in bank borrowings above is a £1,000,000 Covid Business Interruption Loan. This loan is to be repaid over 6 years until May 2027, with a fixed interest rate of 1.59%.

##### Group

Included in the loans and borrowings are the following amounts due after more than five years:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
After more than five years by instalments	33,400	-
	<u>33,400</u>	<u>-</u>

#### 23 Obligations under leases and hire purchase contracts

##### Group

## Paton Capital Ltd

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

#### Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	24,841	63,206
Later than one year and not later than five years	-	24,841
	24,841	88,047
	24,841	88,047

The amount of non-cancellable operating lease payments recognised as an expense during the year was £78,937 (2021 - £127,832).

#### Company

##### Finance leases

The company had no finance lease obligations at the current or prior reporting end date.

##### Operating leases

The company had no operating lease commitments at the current or prior reporting end date.

#### 24 Dividends

##### Interim dividends paid

	2022	2021
	£	£
Interim dividend of £3,635.00 (2021 - £16,135.04) per each Ordinary	363,504	1,613,504
	363,504	1,613,504

#### 25 Analysis of changes in net debt

##### Group

	At 1 April 2021	Financing cash flows	At 31 March 2022
	£	£	£
<b>Cash and cash equivalents</b>			
Cash	278,422	313,376	591,798
<b>Borrowings</b>			
Long term borrowings	(60,398)	(898,750)	(959,148)
Short term borrowings	(13,693)	(213,137)	(226,830)
	(74,091)	(1,111,887)	(1,185,978)
	204,331	(798,511)	(594,180)

#### 26 Related party transactions

##### Group

## Paton Capital Ltd

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

During the year interest free loans were granted to the directors of the group. The total amount due from the directors at the year end was £648,409 (2021: £327,637), and this is included within Amounts owed by related parties. Amounts owed to directors at the year end totalled £Nil (2021: £60,833).

The closing balance on the loans within debtors was the maximum amount overdrawn during the year. The amounts are interest free and are repayable on demand.

Amounts owed by related parties at the year end also includes £185,114 (2021: £345,840) representing amounts owed by connected companies. The companies are connected by virtue of having common directors.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the group. Only the directors of the company are considered to be key management personnel of the group. Total aggregate remuneration, including employer's NI, in respect of these individuals is £209,242 (2021: £212,729).

#### Summary of transactions with other related parties

Connected companies

Purchases from connected companies are for the supply of goods or services. Income from connected companies is in relation to supply of services, management charges and rental income.

#### Income and receivables from related parties

	<b>Other related parties</b>
	<b>£</b>
<b>2022</b>	
Receipt of services	84,495
	<u>84,495</u>
	<b>Other related parties</b>
	<b>£</b>
<b>2021</b>	
Receipt of services	254,985
	<u>254,985</u>

#### Expenditure with and payables to related parties

	<b>Other related parties</b>
	<b>£</b>
<b>2022</b>	
Purchase of goods	150,739
	<u>150,739</u>
	<b>Other related parties</b>
	<b>£</b>
<b>2021</b>	
Purchase of goods	170,750
	<u>170,750</u>

## Paton Capital Ltd

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

#### Company

The company has taken advantage of the exemption available under the provisions of FRS 102 and has not disclosed transactions with wholly owned group companies.

No amounts were owed between the company and the directors at the end of the reporting period (2021: Nil).

#### Transactions with directors

The table below shows the movements on each director's loan accounts.

Dividends paid to individual directors during the year were as follows:

	2022 £	2021 £
Director	290,803	1,290,795
Director	72,701	322,709

#### Summary of transactions with other related parties

Connected companies

The company only had no transactions with connected parties during the year to 31 March 2022 (2021: £nil).

#### 27 Parent and ultimate parent undertaking

The ultimate controlling party is N H Paton, by virtue of his majority shareholding in the group.

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