

**Group Strategic Report,  
Report of the Director and  
Consolidated Financial Statements  
for the Year Ended 31 December 2022  
for  
Saveheat Group Limited**



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for the Year Ended 31 December 2022**

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**Saveheat Group Limited**  
**Company Information**  
**for the Year Ended 31 December 2022**

**DIRECTOR:** A Gray

**REGISTERED OFFICE:** 9 Baker Street  
Greenock  
PA15 4TU

**REGISTERED NUMBER:** SC532265 (Scotland)

**AUDITORS:** Henderson & Company  
73 Union Street  
Greenock  
Renfrewshire  
PA16 8BG

**Group Strategic Report  
for the Year Ended 31 December 2022**

The director presents his strategic report of the company and the group for the year ended 31 December 2022.

**PRINCIPAL ACTIVITY**

The principal activities of the group in the year under review were that of manufacturers of PVC, aluminium and timber windows.

**REVIEW OF BUSINESS**

The group enjoyed increased turnover and profit during 2022 which saw continued favourable market conditions. Considerable investment in new production line equipment took place and an agile management response to changing input costs was required.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks affecting the group are competition from other suppliers, price, availability of product and employee retention. Other external factors like rising inflation and interest rates have also created uncertainty. These risks are managed by the director who has a detailed knowledge of the industry and is involved in the day to day operations of the group.


**FINANCIAL RISK MANAGEMENT**

The group is exposed to a variety of financial risks including changes in market prices, credit risks, liquidity and cashflow risks arising from trading activities. The group closely monitor customer credit limits on an ongoing basis. The company does not use complex financial instruments.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors key focus is profitability, working capital and cash generation. Turnover, gross profit margins, efficiency ratios and detailed analysis of profit before tax are monitored on an ongoing basis.

**ON BEHALF OF THE BOARD:**



A Gray - Director

30 August 2023

**Report of the Director  
for the Year Ended 31 December 2022**

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2022.

**DIVIDENDS**

During the year ended 31 December 2022 the company paid dividends totalling £800,000 (2021 - £249,601).

**FUTURE DEVELOPMENTS**

Further investment in plant and equipment has already been made in the Spring of 2023 which evidences management confidence in demand levels and the ability of the group's workforce to continue delivering high quality products and customer service.

**DIRECTOR**

A Gray held office during the whole of the period from 1 January 2022 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

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

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

**AUDITORS**

The auditors, Henderson & Company, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



A Gray - Director

30 August 2023

## **Report of the Independent Auditors to the Members of Saveheat Group Limited**

### **Opinion**

We have audited the financial statements of Saveheat Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 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 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 group 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 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 and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of Saveheat Group Limited**

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

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

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

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has 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:

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the nature of the group and the industry and the y's group's control environment. We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operation of the group such as the Companies Act 2006, taxation legislation and health and safety legislation. We assessed the extent of compliance with laws and regulations identified through making enquiries of management, inspecting legal correspondence and correspondence with HMRC.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management bias and override of controls. To address these risks we performed analytical procedures to identify any unusual or unexpected relationships, tested journal entries to identify unusual transactions and assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias. We reviewed financial statement disclosures and tested balances to supporting documentation.

Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance through out the audit.

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.

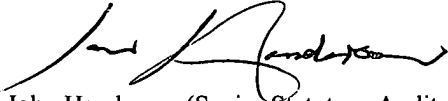
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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  
Saveheat Group 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.



John Henderson (Senior Statutory Auditor)  
for and on behalf of Henderson & Company  
73 Union Street  
Greenock  
Renfrewshire  
PA16 8BG

30 August 2023



**Saveheat Group Limited (Registered number: SC532265)**

**Consolidated  
Income Statement  
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
<b>TURNOVER</b>		16,852,206	14,259,980
Cost of sales		<u>9,715,297</u>	<u>8,377,490</u>
<b>GROSS PROFIT</b>		7,136,909	5,882,490
Administrative expenses		<u>4,779,685</u>	<u>4,452,060</u>
		2,357,224	1,430,430
Other operating income		<u>23,268</u>	<u>65,828</u>
<b>OPERATING PROFIT</b>	4	2,380,492	1,496,258
Interest payable and similar expenses	5	<u>74,911</u>	<u>51,880</u>
<b>PROFIT BEFORE TAXATION</b>		2,305,581	1,444,378
Tax on profit	6	<u>458,172</u>	<u>296,013</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,847,409</u>	<u>1,148,365</u>
Profit attributable to: Owners of the parent		<u>1,847,409</u>	<u>1,148,365</u>

The notes form part of these financial statements

**Saveheat Group Limited (Registered number: SC532265)**

**Consolidated  
Other Comprehensive Income  
for the Year Ended 31 December 2022**

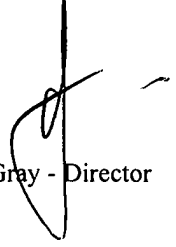
	Notes	2022 £	2021 £
<b>PROFIT FOR THE YEAR</b>		1,847,409	1,148,365
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,847,409</u>	<u>1,148,365</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,847,409</u>	<u>1,148,365</u>

The notes form part of these financial statements

**Consolidated Balance Sheet**  
**31 December 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,567,736	1,156,673
Investments	10	<u>-</u>	<u>-</u>
		1,567,736	1,156,673
<b>CURRENT ASSETS</b>			
Stocks	11	1,013,378	1,061,385
Debtors	12	1,591,614	1,461,938
Cash at bank		<u>2,549,463</u>	<u>1,830,064</u>
		5,154,455	4,353,387
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>2,635,938</u>	<u>2,864,573</u>
<b>NET CURRENT ASSETS</b>		<u>2,518,517</u>	<u>1,488,814</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,086,253	2,645,487
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(499,277)	(241,924)
<b>PROVISIONS FOR LIABILITIES</b>	18	(254,873)	(117,431)
<b>ACCRUALS AND DEFERRED INCOME</b>	19	<u>(1,210)</u>	<u>(2,648)</u>
<b>NET ASSETS</b>		<u><u>3,330,893</u></u>	<u><u>2,283,484</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,000	1,000
Retained earnings	21	<u>3,329,893</u>	<u>2,282,484</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>3,330,893</u></u>	<u><u>2,283,484</u></u>

The financial statements were approved by the director and authorised for issue on 30 August 2023 and were signed by:

  
A Gray - Director

Company Balance Sheet  
31 December 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	9	-	-
Investments	10	<u>290,002</u>	<u>290,002</u>
		290,002	290,002
<b>CURRENT ASSETS</b>			
Debtors	12	372,504	139,589
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>584,413</u>	<u>397,596</u>
<b>NET CURRENT LIABILITIES</b>		<u>(211,909)</u>	<u>(258,007)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>78,093</u>	<u>31,995</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,000	1,000
Retained earnings	21	<u>77,093</u>	<u>30,995</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>78,093</u>	<u>31,995</u>
Company's profit for the financial year		<u>846,098</u>	<u>185,321</u>

The financial statements were approved by the director and authorised for issue on 30 August 2023 and were signed by:

A Gray - Director

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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2021</b>	1,000	1,383,720	1,384,720
<b>Changes in equity</b>			
Dividends	-	(249,601)	(249,601)
Total comprehensive income	<u>-</u>	<u>1,148,365</u>	<u>1,148,365</u>
<b>Balance at 31 December 2021</b>	<u>1,000</u>	<u>2,282,484</u>	<u>2,283,484</u>
<b>Changes in equity</b>			
Dividends	-	(800,000)	(800,000)
Total comprehensive income	<u>-</u>	<u>1,847,409</u>	<u>1,847,409</u>
<b>Balance at 31 December 2022</b>	<u>1,000</u>	<u>3,329,893</u>	<u>3,330,893</u>

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2021</b>	1,000	95,275	96,275
<b>Changes in equity</b>			
Dividends	-	(249,601)	(249,601)
Total comprehensive income	<u>-</u>	<u>185,321</u>	<u>185,321</u>
<b>Balance at 31 December 2021</b>	<u>1,000</u>	<u>30,995</u>	<u>31,995</u>
<b>Changes in equity</b>			
Dividends	-	(800,000)	(800,000)
Total comprehensive income	<u>-</u>	<u>846,098</u>	<u>846,098</u>
<b>Balance at 31 December 2022</b>	<u>1,000</u>	<u>77,093</u>	<u>78,093</u>

**Consolidated Cash Flow Statement  
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,377,933	886,421
Interest paid		(2,911)	-
Interest element of hire purchase payments paid		(72,000)	(51,880)
Tax paid		<u>(317,510)</u>	<u>(98,550)</u>
Net cash from operating activities		<u>1,985,512</u>	<u>735,991</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(105,944)	(51,136)
Sale of tangible fixed assets		<u>7,000</u>	<u>-</u>
Net cash from investing activities		<u>(98,944)</u>	<u>(51,136)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(259,827)	(253,353)
Equity dividends paid		<u>(800,000)</u>	<u>(249,601)</u>
Net cash from financing activities		<u>(1,059,827)</u>	<u>(502,954)</u>
<b>Increase in cash and cash equivalents</b>		<u>826,741</u>	<u>181,901</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,249,071</u>	<u>1,067,170</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,075,812</u></u>	<u><u>1,249,071</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	2,305,581	1,444,378
Depreciation charges	273,923	276,565
Profit on disposal of fixed assets	(7,000)	-
Finance costs	<u>74,911</u>	<u>51,880</u>
	2,647,415	1,772,823
Decrease/(increase) in stocks	48,007	(252,776)
(Increase)/decrease in trade and other debtors	(129,676)	663,275
Decrease in trade and other creditors	<u>(187,813)</u>	<u>(1,296,901)</u>
<b>Cash generated from operations</b>	<u><u>2,377,933</u></u>	<u><u>886,421</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	2,549,463	1,830,064
Bank overdrafts	<u>(473,651)</u>	<u>(580,993)</u>
	<u><u>2,075,812</u></u>	<u><u>1,249,071</u></u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	1,830,064	1,489,497
Bank overdrafts	<u>(580,993)</u>	<u>(422,327)</u>
	<u><u>1,249,071</u></u>	<u><u>1,067,170</u></u>



Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2022

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	Other non-cash changes £	At 31.12.22 £
<b>Net cash</b>				
Cash at bank	1,830,064	719,399		2,549,463
Bank overdrafts	<u>(580,993)</u>	<u>107,342</u>		<u>(473,651)</u>
	<u>1,249,071</u>	<u>826,741</u>		<u>2,075,812</u>
<b>Debt</b>				
Finance leases	<u>(433,752)</u>	<u>259,827</u>	-	<u>(752,966)</u>
	<u>(433,752)</u>	<u>259,827</u>	-	<u>(752,966)</u>
<b>Total</b>	<u>815,319</u>	<u>1,086,568</u>	-	<u>1,322,846</u>

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2022**

**1. STATUTORY INFORMATION**

Saveheat Group Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group 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 total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. The financial statements consolidate the results of the company and its subsidiaries on a line by line basis. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied, net of discounts and Value Added Tax.

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

**Tangible fixed assets**

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over their expected useful lives as follows:

Freehold property - 10-25% straight line

Plant and machinery - 15% straight line and 25% reducing balance

Fixtures and fittings - 25-33% straight line

Computer equipment - 20% straight line

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

**Stocks**

Stocks are stated at the lower of cost and estimated selling price. Cost includes all costs of purchase and other costs incurred in bringing the stock to its present location and condition.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amounts of any write downs to stock to net realisable value and all losses of stocks are recognised as an expense in the period in which the write down or loss occurs.

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

2. **ACCOUNTING POLICIES - continued**

**Taxation**

The tax expense for the year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount for deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Hire purchase and leasing commitments**

Assets held under finance lease and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straightline basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the company in independently administered funds.

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

2. ACCOUNTING POLICIES - continued

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position bank overdrafts are shown within borrowings in current liabilities.

**Debtors**

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

**Creditors**

Basic financial instruments, including preference shares that are classified as debt, are measured at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is initially measured at fair value and subsequently at amortised cost using the effective interest method.

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,588,526	3,399,110
Social security costs	319,915	286,432
Other pension costs	<u>88,642</u>	<u>84,056</u>
	<u>3,997,083</u>	<u>3,769,598</u>

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

	2022	2021
Directors	1	1
Administration	20	22
Manufacturing	<u>125</u>	<u>119</u>
	<u>146</u>	<u>142</u>

	2022	2021
	£	£
Director's remuneration	116,481	112,680
Director's pension contributions to money purchase schemes	<u>1,321</u>	<u>1,319</u>

4. OPERATING PROFIT

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

	2022	2021
	£	£
Other operating leases	447,573	447,500
Depreciation - owned assets	151,947	115,977
Depreciation - assets on hire purchase contracts	121,975	160,588
Profit on disposal of fixed assets	(7,000)	-
Auditors' remuneration	13,750	-
Accountancy Fees	<u>37,400</u>	<u>34,075</u>

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Other interest	2,911	-
Hire purchase	<u>72,000</u>	<u>51,880</u>
	<u>74,911</u>	<u>51,880</u>

6. 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	320,730	317,510
Deferred tax	<u>137,442</u>	<u>(21,497)</u>
Tax on profit	<u>458,172</u>	<u>296,013</u>

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

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

	2022	2021
	£	£
Profit before tax	<u>2,305,581</u>	<u>1,444,378</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	438,060	274,432
Effects of:		
Expenses not deductible for tax purposes	4,210	3,154
Capital allowances in excess of depreciation	(118,957)	-
Depreciation in excess of capital allowances	-	39,924
Losses brought forward	(2,582)	-
Deferred Tax	<u>137,441</u>	<u>(21,497)</u>
Total tax charge	<u>458,172</u>	<u>296,013</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

During the year ended 31 December 2022 the company paid dividends totalling £800,000 (2021 - £249,601).

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

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2022	74,525	2,695,194	45,651	79,152	2,894,522
Additions	-	602,296	2,177	80,512	684,985
Disposals	-	(22,250)	-	-	(22,250)
At 31 December 2022	<u>74,525</u>	<u>3,275,240</u>	<u>47,828</u>	<u>159,664</u>	<u>3,557,257</u>
<b>DEPRECIATION</b>					
At 1 January 2022	73,310	1,575,765	36,572	52,202	1,737,849
Charge for year	634	239,589	9,179	24,520	273,922
Eliminated on disposal	-	(22,250)	-	-	(22,250)
At 31 December 2022	<u>73,944</u>	<u>1,793,104</u>	<u>45,751</u>	<u>76,722</u>	<u>1,989,521</u>
<b>NET BOOK VALUE</b>					
At 31 December 2022	<u>581</u>	<u>1,482,136</u>	<u>2,077</u>	<u>82,942</u>	<u>1,567,736</u>
At 31 December 2021	<u>1,215</u>	<u>1,119,429</u>	<u>9,079</u>	<u>26,950</u>	<u>1,156,673</u>

The written down value of tangible fixed assets includes £1,107,864 (2021 - £842,535) in respect of fixed assets held under hire purchase agreements.

10. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u>290,002</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>290,002</u>
At 31 December 2021	<u>290,002</u>

11. STOCKS

	Group	
	2022 £	2021 £
Stocks	670,376	645,024
Work-in-progress	<u>343,002</u>	<u>416,361</u>
	<u>1,013,378</u>	<u>1,061,385</u>

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	1,412,042	1,284,169	-	-
Amounts owed by group undertakings	-	-	338,163	109,930
Other debtors	38,473	8,823	1,000	-
Prepayments	<u>141,099</u>	<u>168,946</u>	<u>33,341</u>	<u>29,659</u>
	<u>1,591,614</u>	<u>1,461,938</u>	<u>372,504</u>	<u>139,589</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts (see note 15)	473,651	580,993	281,217	92,565
Hire purchase contracts (see note 16)	253,689	191,828	-	-
Trade creditors	849,869	910,466	1,413	5,226
Amounts owed to group undertakings	-	-	250,000	250,000
Tax	320,731	317,511	10,813	5,773
Social security and other taxes	72,308	167,953	6,842	13,923
VAT	332,284	350,896	12,262	11,017
Other creditors	139,767	154,944	16,516	16,492
Accrued expenses	<u>193,639</u>	<u>189,982</u>	<u>5,350</u>	<u>2,600</u>
	<u>2,635,938</u>	<u>2,864,573</u>	<u>584,413</u>	<u>397,596</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2022	2021
	£	£
Hire purchase contracts (see note 16)	<u>499,277</u>	<u>241,924</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>473,651</u>	<u>580,993</u>	<u>281,217</u>	<u>92,565</u>

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

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

**Group**

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	253,689	191,828
Between one and five years	<u>499,277</u>	<u>241,924</u>
	<u>752,966</u>	<u>433,752</u>

**Group**

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	501,500	459,160
Between one and five years	1,345,163	1,466,040
In more than five years	<u>29,000</u>	<u>100,000</u>
	<u>1,875,663</u>	<u>2,025,200</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	<b>Group</b>	
	2022	2021
	£	£
Bank overdrafts	<u>473,651</u>	<u>580,993</u>

The group has granted a floating charge in favour of a bank.

18. PROVISIONS FOR LIABILITIES

	<b>Group</b>	
	2022	2021
	£	£
Deferred tax	<u>254,873</u>	<u>117,431</u>

**Group**

	Deferred tax
	tax
	£
Balance at 1 January 2022	117,431
Charge to Income Statement during year	<u>137,442</u>
Balance at 31 December 2022	<u>254,873</u>

Deferred tax comprises of accelerated capital allowances and has been calculated assuming a corporation tax rate of 25% (2021 - 19%).



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

19. ACCRUALS AND DEFERRED INCOME

	Group	
	2022	2021
	£	£
Deferred government grants	<u>1,210</u>	<u>2,648</u>

20. CALLED UP SHARE CAPITAL

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

21. RESERVES

Group		Retained earnings £
At 1 January 2022		2,282,484
Profit for the year		1,847,409
Dividends		<u>(800,000)</u>
At 31 December 2022		<u>3,329,893</u>
Company		Retained earnings £
At 1 January 2022		30,995
Profit for the year		846,098
Dividends		<u>(800,000)</u>
At 31 December 2022		<u>77,093</u>

22. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.