

COMPANY REGISTRATION NUMBER: 01525421

A M PACKAGING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 September 2023

A M PACKAGING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

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A M PACKAGING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

A Mann
P Mann
A H Mann
D Mann

Company secretary

P Mann

Registered office

Somerby Way
Gainsborough
Lincolnshire
DN21 1QT

Auditor

Streets Audit LLP
Chartered accountants & statutory auditor
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

Bankers

Lloyds TSB Plc
Market Street
Gainsborough
Lincolnshire
DN21 2BL

A M PACKAGING LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2023

We aim to present a balanced and comprehensive review of the development and performance of the company during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face. **BUSINESS REVIEW** The principal activity of the company is the manufacture and supply of packaging, robotic and automation equipment for the food industry. New and second hand processing and packaging machinery for the chocolate and confectionery industry is still supplied but is not the principal activity. The focus has been to continue to develop a product range that will provide solutions to allow our customers to automate their production processes and reduce labour costs. During the period several robotic projects were completed and the company remains one of the largest UK based suppliers of robotic solutions for the food industry. The company now operates under two trading names, A.M.P Automation and A.M.P Rose. We monitor a number of key performance indicators in order to ensure that the company achieves its primary objectives of achieving sustained profitability whilst delivering a high standard of product to its customers. The key financial performance indicators used by the company are:

	2023	2022
	£	£
Turnover	11,559,449	11,422,452
Gross Profit	2,914,819	2,083,140
Operating Profit (Loss)	340,099	395,755

The company's performance in the year was in line with the Directors' expectations. The year was a time of further consolidating the company's trading operations , whilst continuing to develop new and innovative machines.. The development of several new machines over the last few years now means we have a larger range of already designed machines. Future sales, to our existing and new customers, will be able to draw on these developments, leading to markedly lower production costs. This means that our forward Gross Profit levels will continue to rise and the Directors believe this will lead to greater levels of profitability in the future. Investment in our unique internally designed machines, and the associated Intellectual Property, has been a continuing commitment for the company for the last 7 years. The Directors feel that they now have a range of machines that is sufficient to adapt to most customer's needs with only minor adaptations. The move to robotics based machines leads to greater efficiency and cost saving for our customers so we anticipate that the level of demand will continue to rise. The sales pipeline is very positive with several large contracts likely to be secured in the short term and many more scheduled for 2024 and 2025. The company's investment in its India factory continues to provide high quality out-sourcing of some component materials enabling the company to remain price competitive without compromising on quality. Astute investments in freehold property and a continuing profit stream mean that the tangible asset value of the company's investment there exceeds £1,000,000 excluding goodwill. Negotiations continue to divest the company's equity interest to the local management team, thus releasing capital to AM AM Packaging Limited, but retaining a strong link to a favoured supplier. **Going Concern** In the last 7 years, the Directors' have undertaken a significant program of modernising and revolutionising the company's range of products. That has involved considerable expenditure on Research and Development leading to the current day, where the company can now offer a robotic packaging solution for a great variety of consumer products. This investment has meant that the company has written off significant amounts of expenditure, over and above the Intellectual Property valued in the Balance Sheet. These costs have been charged to the profit and loss account in the year they were incurred. This is entirely in line with the board's expectations, but the decision is now proving to be a very pertinent one, in view of the shortage of low skilled labour currently experienced in the UK. The significant investment period of our development programme has largely come to an end, and the positive effect on the company's gross profit margin can already be seen in this years results We are in advanced discussions with several national and international customers about a pipeline that stretches to 2026 and beyond. The Directors are confident that they have put in place plans to ensure that this level of increased activity will be managed within the company's financial, personnel and factory capacity. The Company's profitability and liquidity will continue to improve as a result of a slowing down of the research and development expenditure. The Directors , shareholders and related parties confirm their continued support to the company. **RISK ASSESSMENT** **Skill levels** The Directors appreciate the need to increase skill levels to keep pace with new technology. Investment in a training and development program for existing employees is as important as the ongoing recruitment program for new staff and apprentices. **Credit risk** The Directors seek to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner. **Interest risk** The Directors seek to manage its interest risk through a combination of, finance lease, loan, and overdraft facilities. **Liquidity risk** The Directors seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. **Exchange rate risk** The Directors manage this risk by holding individual currency bank accounts. A cash flow forecast is kept for each currency and forward exchange deals are put in place as required. Nevertheless with these risks and uncertainties in

mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

This report was approved by the board of directors on 2 October 2024 and signed on behalf of the board by:

P Mann

Director

Registered office:

Somerby Way

Gainsborough

Lincolnshire

DN21 1QT

A M PACKAGING LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements of the company for the year ended 30 September 2023 .

DIRECTORS

The directors who served the company during the year were as follows:

A Mann

P Mann

A H Mann

D Mann

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 2 October 2024 and signed on behalf of the board by:

P Mann

Director

Registered office:

Somerby Way

Gainsborough

Lincolnshire

DN21 1QT

A M PACKAGING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A M PACKAGING LIMITED YEAR ENDED 30 SEPTEMBER 2023

OPINION

We have audited the financial statements of A M Packaging Limited (the 'company') for the year ended 30 September 2023 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements: - give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its loss for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns; or - certain disclosures of 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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: Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was that we identified the material laws and regulations applicable to the company through discussions with management, and from our commercial knowledge and experience of the company. These were the Companies Act 2006, taxation legislation, laws specific to the manufacturing and sale of new and used machinery sector, data protection, anti-bribery, employment, environmental and health and safety legislation. We then assessed the extent of compliance with these laws and regulations through making enquiries of management. We then assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations. To address the risk of fraud through management bias and override of controls we tested journal entries to identify unusual transactions, we assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and we investigated the rationale behind significant or unusual transactions. In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to agreeing financial statement disclosures to underlying supporting documentation, reading the minutes of meetings of those charged with governance, reviewing correspondence with HMRC. 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. 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. 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.

MARK BRADSHAW

(Senior Statutory Auditor)

For and on behalf of

Streets Audit LLP

Chartered accountants & statutory auditor

Windsor House

A1 Business Park at

Long Bennington

Notts

NG23 5JR

2 October 2024

A M PACKAGING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
	Note	£	£
Turnover	4	11,559,449	11,422,452
Cost of sales		(8,644,630)	(9,339,312)
Gross profit		2,914,819	2,083,140
Distribution costs		(61,910)	(54,424)
Administrative expenses		(2,873,452)	(2,868,954)
Other operating income	5	580,892	614,387
Exceptional item		(220,250)	(169,904)
Operating profit/(loss)	6	340,099	(395,755)
Gain on financial assets at fair value through profit or loss		–	339,931
Interest payable and similar expenses	10	(118,392)	(89,911)
Profit/(loss) before taxation		221,707	(145,735)
Tax on profit/(loss)	11	(256,050)	271,949
(Loss)/profit for the financial year and total comprehensive income		(34,343)	126,214
Retained earnings at the start of the year		5,041,167	4,914,953
Retained earnings at the end of the year		5,006,824	5,041,167

All the activities of the company are from continuing operations.

A M PACKAGING LIMITED
STATEMENT OF FINANCIAL POSITION

30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	4,708,763	4,354,133
Tangible assets	13	3,300,053	3,428,363
		<u>8,008,816</u>	<u>7,782,496</u>
Current assets			
Stocks	14	2,025,453	2,167,814
Debtors	15	4,588,531	4,252,112
Investments	16	840,000	840,000
Cash at bank and in hand		130,037	128,206
		<u>7,584,021</u>	<u>7,388,132</u>
Creditors: amounts falling due within one year	17	(9,018,126)	(8,515,531)
Net current liabilities		(1,434,105)	(1,127,399)
Total assets less current liabilities		6,574,711	6,655,097
Creditors: amounts falling due after more than one year	18	(565,871)	(869,984)
Provisions			
Taxation including deferred tax	20	(745,266)	(739,946)
Other provisions	20	(252,750)	–
		<u>(998,016)</u>	<u>(739,946)</u>
Net assets		5,010,824	5,045,167
Capital and reserves			
Called up share capital	24	4,000	4,000
Profit and loss account		5,006,824	5,041,167
Shareholders funds		5,010,824	5,045,167

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the medium companies regime.

These financial statements were approved by the board of directors and authorised for issue on 2 October 2024, and are signed on behalf of the board by:

P Mann

Director

Company registration number: 01525421

A M PACKAGING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Somerby Way, Gainsborough, Lincolnshire, DN21 1QT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Mann Grp Ltd which can be obtained from the registered office address, 2 Padmoor Lane, Upton, Gainsborough, DN21 5NH . As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102: (a) No cash flow statement has been presented for the company. (b) Disclosures in respect of financial instruments have not been presented. (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements contain information about A M Packaging Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it and its subsidiary undertaking are included by a full consolidation in the consolidated financial statements of its parent company, Mann Grp Limited.

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 experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. - Significant judgements The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows: (i) Recognition of development expenditure The Directors have used their judgement when allocating expenditure as capitalised development costs. Further details are included in the relevant accounting policy paragraph. During the period they have identified £681,829 of development expenditure. (ii) Amortisation The Directors have made assessments on when the development machines become available for use. From that point the development expenditure is amortised in line with the policy described below. (iii) Valuation of subsidiary undertaking The Directors have concluded that they are able to reliably assess the valuation of the interest in their subsidiary undertaking despite it not being a listed entity. This is because the business valuation is immaterial whereas the value is attributed to real estate which has been subject to an independent valuation. (iv) Provisions The directors have applied consideration to actual and potential provisions in line with the accounting policy and Note 21 to the financial statements. - Key sources of estimation uncertainty Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: (i) Depreciation and amortisation charges The annual depreciation/amortisation charges for tangible/intangible assets are sensitive to changes in the useful economic lives and residual values of the assets. These are reviewed periodically by the Directors to ensure that they reflect both external and internal factors. (ii) Impairment of debtors The company makes an estimate of the recoverable value of trade and other debtors. When making their assessment, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.. (iii) Long term contracts The manufacturing process can be significant and so the Directors are required to recognise profit as the job progresses. In order to do this they review the expected revenue and costs on a job by job basis and, once a cash inflow becomes probable, recognise the relevant profits on the basis of the stage of completion. Where a job is expected to make a loss then the full loss is immediately recognised in the profit and loss account.

Revenue recognition

Turnover comprises the value of sales of goods and services in the normal course of business after deducting trade discounts, value added tax and other taxes based on turnover. Turnover is inclusive of accrued income. Services provided during the year, which at the balance sheet date have not been billed to clients, have been recognised as turnover in accordance with FRS 102 long term contracts and is included in the balance sheet as accrued income. Turnover recognised in this manner is based upon an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development Costs - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met: - It is technically feasible to complete the intangible asset so that it will be available for use or sale; - There is the intention to complete the intangible asset and use or sell it; - There is the ability to use or sell the intangible asset; - The use or sale of the intangible asset will generate probable future economic benefits; - There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and - The expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and Buildings	-	2% straight line
Plant and Machinery	-	10% reducing balance
Fixtures and fittings	-	10% reducing balance
Motor Vehicles	-	25% reducing balance
Equipment	-	20% straight line

Impairment of fixed assets

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.

Stocks

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

Finance leases and hire purchase contracts

Assets held under finance leases 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. Any initial direct costs of the lease are added to the amount recognised as an asset. 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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Financial instruments

The company only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the company and their measurement basis are as follows: Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at amortised cost. Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Sale of machinery	8,020,469	9,110,435
Sale of spare parts	2,726,111	1,693,102
Rendering of services	769,771	611,088
Other income	43,098	7,827
	<u>11,559,449</u>	<u>11,422,452</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2023	2022
	£	£
United Kingdom	8,138,644	6,452,316
Overseas	3,420,805	4,970,136
	<u>11,559,449</u>	<u>11,422,452</u>

5. Other operating income

	2023	2022
	£	£
Management charges receivable	425,000	598,816
Government grant income	140,000	-
Other grant income	7,795	1,839
Other operating income	8,097	13,732
	<u>580,892</u>	<u>614,387</u>

6. Operating profit/(loss)

Operating profit or loss is stated after charging/crediting:

	2023	2022
	£	£
Amortisation of intangible assets	327,199	481,927
Depreciation of tangible assets	119,454	135,363
Loss/(gains) on disposal of tangible assets	23,759	(4,235)
Impairment of trade debtors	(55,320)	58,781
Foreign exchange differences	38,574	(23,843)
Operating lease	68,150	118,000

7. Auditor's remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	29,500	27,500

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2023	2022
	No.	No.
Production staff	82	93
Distribution staff	2	2
Administrative staff	15	14
Management staff	5	5
	---	---
	104	114
	---	---

The aggregate payroll costs incurred during the year, relating to the above, were:

	2023	2022
	£	£
Wages and salaries	4,323,593	4,463,272
Social security costs	426,305	461,277
Other pension costs	117,554	127,796
	-----	-----
	4,867,452	5,052,345
	-----	-----

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2023	2022
	£	£
Remuneration	395,670	425,580

The number of directors who accrued benefits under company pension plans was as follows:

	2023	2022
	No.	No.
Defined contribution plans	3	3
	---	---

Remuneration of the highest paid director in respect of qualifying services:

	2023	2022
	£	£
Aggregate remuneration	162,581	175,682

10. Interest payable and similar expenses

	2023	2022
	£	£
Interest on banks loans and overdrafts	53,830	46,405
Interest on obligations under finance leases and hire purchase contracts	1,599	5,380
Other interest payable and similar charges	62,963	38,126
	<u>118,392</u>	<u>89,911</u>

11. Tax on profit/(loss)**Major components of tax expense/(income)**

	2023	2022
	£	£
Current tax:		
UK current tax income	–	(463,328)
Adjustments in respect of prior periods	250,730	76,278
Total current tax	<u>250,730</u>	<u>(387,050)</u>
Deferred tax:		
Origination and reversal of timing differences	5,320	(11,474)
Impact of change in tax rate	–	177,587
Impact of adjustments in respect of prior periods	–	(51,012)
Total deferred tax	<u>5,320</u>	<u>115,101</u>
Tax on profit/(loss)	<u>256,050</u>	<u>(271,949)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 22.01 % (2022: 19 %).

	2023	2022
	£	£
Profit/(loss) on ordinary activities before taxation	221,707	(145,735)
Profit/(loss) on ordinary activities by rate of tax	48,796	(27,690)
Adjustment to tax charge in respect of prior periods	177,292	25,266
Effect of expenses not deductible for tax purposes	1,363	486
Effect of capital allowances and depreciation	10,027	11,018
Effect of revenue exempt from tax	–	(64,587)
Effect of different UK tax rates on some earnings	9,425	177,587
R&D tax credits received	9,147	(394,029)
Tax on profit/(loss)	<u>256,050</u>	<u>(271,949)</u>

12. Intangible assets

	Development costs £
Cost	
At 1 October 2022	5,204,364
Additions	681,829
At 30 September 2023	5,886,193
Amortisation	
At 1 October 2022	850,231
Charge for the year	327,199
At 30 September 2023	1,177,430
Carrying amount	
At 30 September 2023	4,708,763
At 30 September 2022	4,354,133

13. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Oct 2022	3,550,431	985,706	138,982	53,847	198,304	4,927,270
Additions	–	16,175	1,310	–	2,037	19,522
Disposals	–	(232,672)	(56,479)	(16,499)	(3,891)	(309,541)
At 30 Sep 2023	3,550,431	769,209	83,813	37,348	196,450	4,637,251
Depreciation						
At 1 Oct 2022	474,654	706,570	103,274	44,886	169,523	1,498,907
Charge for the year	71,009	26,712	3,610	1,871	16,252	119,454
Disposals	–	(214,632)	(51,826)	(11,823)	(2,882)	(281,163)
At 30 Sep 2023	545,663	518,650	55,058	34,934	182,893	1,337,198
Carrying amount						
At 30 Sep 2023	3,004,768	250,559	28,755	2,414	13,557	3,300,053
At 30 Sep 2022	3,075,777	279,136	35,708	8,961	28,781	3,428,363

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
At 30 September 2023	117,563	129,115	–	246,678
At 30 September 2022	120,313	132,511	5,053	257,877

14. Stocks

2023	2022
£	£

Work in progress	54,231	139,488
Finished goods and goods for resale	1,971,222	2,028,326
	-----	-----
	2,025,453	2,167,814
	-----	-----

15. Debtors

	2023	2022
	£	£
Trade debtors	1,875,199	1,755,961
Prepayments and accrued income	238,733	221,487
Corporation tax repayable	297,070	1,443,324
Directors loan account	169,847	–
Amounts recoverable on contracts	1,898,324	812,892
Other debtors	109,358	18,448
	4,588,531	4,252,112

16. Investments

	2023	2022
	£	£
Investments in group undertakings	840,000	840,000

17. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans and overdrafts	903,180	1,040,597
Payments received on account	4,156,656	2,187,327
Trade creditors	1,806,618	1,456,809
Amounts owed to group undertakings	147,690	174,168
Accruals and deferred income	301,183	267,405
Social security and other taxes	682,750	1,482,504
Obligations under finance leases and hire purchase contracts	24,311	38,160
Director loan accounts	–	7,645
Other creditors	995,738	1,860,916
	9,018,126	8,515,531

The bank loans are secured by way of a first legal charge over freehold property held within the company and an all moneys personal guarantee from the directors.

Included within bank loans and overdrafts is an amount of £138,319 (2022 - £136,833) in respect of secured bank loans and an amount of £135,000 (2022 - £99,000) in respect of CBILS debt.

The hire purchase liabilities are secured on the assets to which they relate.

Included in other creditors is an amount of £819,900 (£683,597) due to other related parties.

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

	2023	2022
	£	£
Bank loans and overdrafts	544,982	837,470
Obligations under finance leases and hire purchase contracts	20,889	32,514
	565,871	869,984

The bank loans are secured by way of a first legal charge over freehold property held within the company and an all moneys personal guarantee from the directors.

Included within bank loans and overdrafts is an amount of £319,982 (2022 - £441,470) in respect of secured bank loans and an amount of £225,000 (2022 - £396,000) in respect of CBILS debt.

The hire purchase liabilities are secured on the assets to which they relate.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2023	2022
	£	£
Not later than 1 year	24,311	38,160
Later than 1 year and not later than 5 years	20,889	32,514
	-----	-----
	45,200	70,674
	-----	-----

20. Provisions

	Deferred tax (note 21)	Other Provision	Total
	£	£	£
At 1 October 2022	739,946	–	739,946
Additions	5,320	252,750	258,070
	-----	-----	-----
At 30 September 2023	745,266	252,750	998,016
	-----	-----	-----

Other provisions relate to the settlement of a contractual matter.

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2023	2022
	£	£
Included in provisions (note 20)	745,266	739,946
	-----	-----

The deferred tax account consists of the tax effect of timing differences in respect of:

	2023	2022
	£	£
Accelerated capital allowances	1,346,962	1,333,732
Unused tax losses	(588,990)	(580,356)
Other retirement benefits	(12,706)	(13,430)
	-----	-----
	745,266	739,946
	-----	-----

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 117,554 (2022: £ 127,796).

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2023	2022
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	140,000	–
	-----	---

24. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £ 1 each	4,000	4,000	4,000	4,000

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than 1 year	156,198	160,079
Later than 1 year and not later than 5 years	163,368	186,730
Later than 5 years	3,150,000	3,180,000
	3,469,566	3,526,809

26. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2023			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
A Mann	(9,675)	177,416	–	167,741
D Mann	2,030	76	–	2,106
	(7,645)	177,492	–	169,847

	2022			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
A Mann	(19,777)	44,817	(34,715)	(9,675)
D Mann	2,118	(88)	–	2,030
	(17,659)	44,729	(34,715)	(7,645)

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