

REGISTERED NUMBER: 03646267 (England and Wales)

PAB COVENTRY LIMITED

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 May 2022**



Michael Dufty Partnership Limited
Statutory Auditors
59-61 Charlotte Street
St Pauls Square
Birmingham
West Midlands
B3 1PX

**Contents of the Financial Statements
for the Year Ended 31 May 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	15

PAB COVENTRY LIMITED

**Company Information
for the Year Ended 31 May 2022**

DIRECTORS:

Mark William Brazier
Daniel Trenham Wheldon
Nicola Thornton

REGISTERED OFFICE:

Midland House
Falkland Close
Charter Avenue Industrial Estate
Coventry
West Midlands
CV4 8AU

REGISTERED NUMBER:

03646267 (England and Wales)

AUDITORS:

Michael Dufty Partnership Limited
Statutory Auditors
59-61 Charlotte Street
St Pauls Square
Birmingham
West Midlands
B3 1PX

PAB COVENTRY LIMITED (REGISTERED NUMBER: 03646267)

**Strategic Report
for the Year Ended 31 May 2022**

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

REVIEW OF BUSINESS

The company has recorded a turnover of £6,486,444 (2021: £5,852,276), an increase of 10.8%.

The gross profit margin has increased to £1,779,014 (2021: £1,487,666). This is a increase in the percentage from 25.4% in 2021 to 27.4% in 2022. During the year the net profit before tax has increased to £211,148 (2021: £87,281). This is an increase from 1.5% in 2021 to 3.3% in 2022.

The net asset position of the company decreased to £2,223,896 (2021: £2,259,734) at the balance sheet date.

The directors are anticipating an increased level of output for the year ending 31st May 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is present in all parts of the business, but the board regularly review the risks faced by the company. The directors control these risks but believe the following are the major risks and uncertainties faced by the company at this point in time;

Maintaining operating margins. The company will continue to focus on maintaining margins to achieve optimum results.

The company's finance facilities are primarily provided by bank loans and hire purchase agreements secured against the assets of the company. The company needs to maintain its cash flows make repayments when they are due.

The COVID 19 pandemic has caused great uncertainty for many businesses. Review's of management accounts, a strong future order book and a cost cutting procedure has helped manage the above risks

FINANCIAL RISK

The company is exposed to a variety of financial risks and undertakes regular reviews to identify such risks and wherever possible put processes in place to mitigate such risks.

LIQUIDITY RISK


Liquidity risk arises from the Company's management of working capital and the finance charges on its debt instruments. It is the risk the company will encounter difficulty in meeting its financial obligations as they fall due.

The company prepares rolling cashflow forecasts. Here debtor and creditor positions are reviewed as are current availability from invoice finance and bank account balances. The financial statements are prepared on a going concern basis as it is expected that the company can meet obligations as they fall due.

INTEREST RATE RISK

The company considers that the current interest rate risk is adequately covered through operating profit.

ON BEHALF OF THE BOARD:



Mark William Brazier Director

21 February 2023

**Report of the Directors
for the Year Ended 31 May 2022**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of steel fabrications.

DIVIDENDS

The total distribution of dividends for the year ended 31 May 2022 will be £194,400.

RESEARCH AND DEVELOPMENT

PAB Coventry Limited has been recognised as industry leaders in innovation, design and product development and as such has become involved in a number of leading research and development initiatives.

DIRECTORS

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

Mark William Brazier
Daniel Trenham Wheldon
Nicola Thornton

During the reporting period 857 F shares with a nominal value of £857 were purchased for £75,000 which represents 2.94% of the overall share capital.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


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

**Report of the Directors
for the Year Ended 31 May 2022**

AUDITORS

The auditors, Michael Dufty Partnership Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'MWBrazier', written over a horizontal line.

Mark William Brazier - Director

21 February 2023

**Report of the Independent Auditors to the Members of
PAB Coventry Limited**

Opinion

We have audited the financial statements of PAB Coventry Limited (the 'company') for the year ended 31 May 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the 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 company's affairs as at 31 May 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of PAB Coventry Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud or error, and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected even though the audit is properly planned and performed in accordance with ISAs (UK).

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non compliance with laws and regulations, our procedures included the following:

- we obtained an understanding of the legal and regulatory frameworks applicable to the Company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006 and UK corporate taxation laws.
- we obtained an understanding of how the Company are complying with those legal and regulatory frameworks by making inquiries of the Company's management, and considering available audit information.

We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

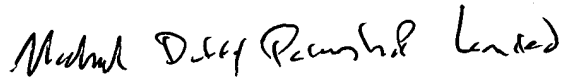
- identifying and assessing the design and effectiveness of controls management has in place to prevent and detect fraud.
- understanding how management considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process.
- challenging assumptions and judgments made by management in its significant accounting estimates
- identifying and testing journal entries as deemed necessary during the audit and, in particular reviewing material journal entries posted with unusual accounting combinations.
- assessing the extent of compliance with the relevant laws and regulations.

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 Report of the Auditors.

**Report of the Independent Auditors to the Members of
PAB Coventry 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.

A handwritten signature in black ink that reads "Michael Duffy Partnership Limited". The signature is written in a cursive, slightly slanted style.

Mr Robert Maclaren FCCA (Senior Statutory Auditor)
for and on behalf of Michael Duffy Partnership Limited
Statutory Auditors
59-61 Charlotte Street
St Pauls Square
Birmingham
West Midlands
B3 1PX

21 February 2023

PAB COVENTRY LIMITED (REGISTERED NUMBER: 03646267)

**Income Statement
for the Year Ended 31 May 2022**

	Notes	2022 £	2021 £
TURNOVER	3	6,486,444	5,852,276
Cost of sales		4,707,430	4,364,610
GROSS PROFIT		1,779,014	1,487,666
Administrative expenses		1,510,052	1,808,904
		268,962	(321,238)
Other operating income	4	50,404	418,423
OPERATING PROFIT	6	319,366	97,185
Interest receivable and similar income		7,396	4,202
		326,762	101,387
Gain/loss on revaluation of assets		(21,594)	44,063
		305,168	145,450
Interest payable and similar expenses	7	94,020	58,169
PROFIT BEFORE TAXATION		211,148	87,281
Tax on profit	8	(22,414)	(34,637)
PROFIT FOR THE FINANCIAL YEAR		233,562	121,918

The notes form part of these financial statements

PAB COVENTRY LIMITED (REGISTERED NUMBER: 03646267)

**Other Comprehensive Income
for the Year Ended 31 May 2022**

Notes	2022 £	2021 £
PROFIT FOR THE YEAR	233,562	121,918
OTHER COMPREHENSIVE INCOME		
Share buy back	(75,000)	(100,000)
Capital redemption on shares	857	857
Income tax relating to components of other comprehensive income	-	-
	<u> </u>	<u> </u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(74,143)	(99,143)
	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>159,419</u>	<u>22,775</u>

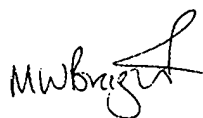
The notes form part of these financial statements

PAB COVENTRY LIMITED (REGISTERED NUMBER: 03646267)

**Balance Sheet
31 May 2022**

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		1,955,607		2,156,421
CURRENT ASSETS					
Stocks	11	1,350,680		1,048,278	
Debtors	12	1,821,015		1,559,543	
Investments	13	488,210		399,381	
Cash at bank		705,944		691,834	
			<u>4,365,849</u>		<u>3,699,036</u>
CREDITORS					
Amounts falling due within one year	14		<u>3,044,272</u>		<u>2,414,481</u>
NET CURRENT ASSETS			<u>1,321,577</u>		<u>1,284,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,277,184		3,440,976
CREDITORS					
Amounts falling due after more than one year	15		(853,576)		(960,799)
PROVISIONS FOR LIABILITIES	19		(199,712)		(220,443)
NET ASSETS			<u><u>2,223,896</u></u>		<u><u>2,259,734</u></u>
CAPITAL AND RESERVES					
Called up share capital	20		28,289		29,146
Capital redemption reserve	21		1,714		857
Retained earnings	21		2,193,893		2,229,731
SHAREHOLDERS' FUNDS			<u><u>2,223,896</u></u>		<u><u>2,259,734</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2023 and were signed on its behalf by:



Mark William Brazier - Director

The notes form part of these financial statements

PAB COVENTRY LIMITED (REGISTERED NUMBER: 03646267)

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

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 June 2020	30,003	2,390,611	-	2,420,614
Changes in equity				
Issue of share capital	(857)	-	-	(857)
Dividends	-	(182,798)	-	(182,798)
Total comprehensive income	-	21,918	857	22,775
Balance at 31 May 2021	<u>29,146</u>	<u>2,229,731</u>	<u>857</u>	<u>2,259,734</u>
Changes in equity				
Issue of share capital	(857)	-	-	(857)
Dividends	-	(194,400)	-	(194,400)
Total comprehensive income	-	158,562	857	159,419
Balance at 31 May 2022	<u><u>28,289</u></u>	<u><u>2,193,893</u></u>	<u><u>1,714</u></u>	<u><u>2,223,896</u></u>

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 31 May 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	676,180	425,179
Interest paid		(77,077)	(37,677)
Interest element of hire purchase payments paid		(16,943)	(20,492)
Net cash from operating activities		<u>582,160</u>	<u>367,010</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(35,397)	(7,089)
Sale of tangible fixed assets		-	11,400
Current Asset Investment		(110,423)	(41,684)
Interest received		7,396	4,202
Net cash from investing activities		<u>(138,424)</u>	<u>(33,171)</u>
Cash flows from financing activities			
New loans in year		250,000	-
Loan repayments in year		(202,712)	(41,432)
Capital repayments in year		(206,067)	(228,990)
Amount introduced by directors		-	1,881
Amount withdrawn by directors		(1,447)	-
Share buyback		(75,000)	(100,000)
Equity dividends paid		(194,400)	(182,798)
Net cash from financing activities		<u>(429,626)</u>	<u>(551,339)</u>
Increase/(decrease) in cash and cash equivalents		<u>14,110</u>	<u>(217,500)</u>
Cash and cash equivalents at beginning of year	2	<u>691,834</u>	<u>909,334</u>
Cash and cash equivalents at end of year	2	<u><u>705,944</u></u>	<u><u>691,834</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 May 2022

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

	2022	2021
	£	£
Profit before taxation	211,148	87,281
Depreciation charges	261,710	295,055
Loss on disposal of fixed assets	-	23,869
Loss/(gain) on revaluation of fixed assets	21,594	(44,063)
Finance costs	94,020	58,169
Finance income	(7,396)	(4,202)
	<u>581,076</u>	<u>416,109</u>
(Increase)/decrease in stocks	(302,402)	77,211
Increase in trade and other debtors	(254,187)	(757,875)
Increase in trade and other creditors	651,693	689,734
	<u>676,180</u>	<u>425,179</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 May 2022

	31.5.22	1.6.21
	£	£
Cash and cash equivalents	<u>705,944</u>	<u>691,834</u>

Year ended 31 May 2021

	31.5.21	1.6.20
	£	£
Cash and cash equivalents	<u>691,834</u>	<u>909,334</u>

Notes to the Cash Flow Statement
for the Year Ended 31 May 2022

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.6.21 £	Cash flow £	Other non-cash changes £	At 31.5.22 £
Net cash				
Cash at bank	691,834	14,110		705,944
	<u>691,834</u>	<u>14,110</u>		<u>705,944</u>
Liquid resources				
Current asset investments	399,381	110,423	(21,594)	488,210
	<u>399,381</u>	<u>110,423</u>	<u>(21,594)</u>	<u>488,210</u>
Debt				
Finance leases	(316,119)	173,283	-	(142,836)
Debts falling due within 1 year	(165,554)	(54,590)	-	(220,144)
Debts falling due after 1 year	(841,440)	7,302	-	(834,138)
	<u>(1,323,113)</u>	<u>125,995</u>	<u>-</u>	<u>(1,197,118)</u>
Total	<u>(231,898)</u>	<u>250,528</u>	<u>(21,594)</u>	<u>(2,964)</u>

**Notes to the Financial Statements
for the Year Ended 31 May 2022**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

The company's principal activity is that of steel fabrication.

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.

Critical accounting judgements and key sources of estimation uncertainty

Certain of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on managements best knowledge of the relevant facts and circumstances, having regards to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in these accounting policies and/or the notes to the financial statements and the key area's are summarised below:

Valuation of stock

See stock accounting policy below. Note that the stock valuation methods adopted are considered to give a fair representation of stock values and the methodology is consistently applied. The directors review this on a regular basis.

Sources of estimation

Accruals

These are assessed on a monthly basis and year end accruals are based on known items or best estimates of costs relating to the period but not yet incurred, and based on supporting information.

Depreciation

Depreciation rates are based on estimates of the useful lives and residual values of the assets involved.

Turnover

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

Sale of goods

Turnover from the sale of goods is recognised at the point of sale, when the delivery note is raised.

Grant income

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Interest receivable

Interest income is recognised using the effective interest method.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Improvements to property	- 5% on cost
Plant and machinery	- 33% on cost and 15% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Tangible fixed asset costs is based on brought in cost.

Stocks

Stocks are valued at the lower of cost and selling price less costs to sell after making due allowance for obsolete and slow moving items.

Raw material stock includes materials stated at bought in cost.

Work in progress valuation is based on a consistent methodology which gives a valuation that equates to cost. Cost includes direct labour, raw material cost and a relevant proportion of production overheads.

Finished goods valuation is based on a consistent methodology which gives a valuation that equates to cost. Cost includes direct labour, raw material cost and a relevant proportion of production overheads.

Financial instruments

Financial Assets have been measured at their fair value, in line with the most up to date market information as at the reporting date.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Taxation

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Going concern

These financial statements have been prepared on a going concern basis. The company has navigated its way through the impact of the covid pandemic, has returned to profit and continues to secure sufficient finance to support its operations. The Directors anticipate that the improvement in results will continue in the foreseeable future.

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

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

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

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

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Employee benefits

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

When employees have rendered service to the company, short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

Turnover includes grant income in the period of £3,977 (2021 : £111,831)

4. OTHER OPERATING INCOME

	2022	2021
	£	£
Government grants	50,404	418,423
	<u>50,404</u>	<u>418,423</u>

Other operating consists of furlough receipts provided by the UK Government as means of supporting the company during the COVID 19 pandemic.

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,805,556	2,022,636
Other pension costs	45,228	106,407
	<u>1,850,784</u>	<u>2,129,043</u>

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

5. **EMPLOYEES AND DIRECTORS - continued**

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

	2022	2021
Production staff	56	51
Office and management	17	14
Directors	3	3
	<u>76</u>	<u>68</u>

	2022	2021
	£	£
Directors' remuneration	29,232	28,924
Directors' pension contributions to money purchase schemes	17,200	82,016
	<u>46,432</u>	<u>110,940</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Included in the wages and salaries totals is employers national insurance £153,184 (2021 : £172,903)

6. **OPERATING PROFIT**

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

	2022	2021
	£	£
Hire of plant and machinery	43,180	45,712
Depreciation - owned assets	176,736	174,906
Depreciation - assets on hire purchase contracts	84,974	120,149
Loss on disposal of fixed assets	-	23,869
Auditors' remuneration	8,000	8,000
Foreign exchange differences	(4,159)	1,089
Rent	66,000	44,000
Motor Lease	36,454	44,008
	<u>350,285</u>	<u>461,734</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Invoice discounting interest	29,284	16,592
Mortgage interest	11,928	12,852
Other Loan Interest	35,865	8,233
Hire purchase interest	16,943	20,492
	<u>94,020</u>	<u>58,169</u>

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

8. TAXATION

Analysis of the tax credit

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	(1,683)	(15,435)
Deferred tax	<u>(20,731)</u>	<u>(19,202)</u>
Tax on profit	<u><u>(22,414)</u></u>	<u><u>(34,637)</u></u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax credit included in profit and loss

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

	2022	2021
	£	£
Profit before tax	<u>211,148</u>	<u>87,281</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	40,118	16,583
Effects of:		
Expenses not deductible for tax purposes	44	1,228
R & D Claim	(66,166)	(60,679)
Permanent timing differences	(4,103)	8,372
Effect of deferred tax rate	<u>7,693</u>	<u>(141)</u>
Total tax credit	<u><u>(22,414)</u></u>	<u><u>(34,637)</u></u>

Tax effects relating to effects of other comprehensive income

	2022		
	Gross	Tax	Net
	£	£	£
Share buy back	(75,000)	-	(75,000)
Capital redemption on shares	<u>857</u>	<u>-</u>	<u>857</u>
	<u><u>(74,143)</u></u>	<u><u>-</u></u>	<u><u>(74,143)</u></u>
	2021		
	Gross	Tax	Net
	£	£	£
Share buy back	(100,000)	-	(100,000)
Capital redemption on shares	<u>857</u>	<u>-</u>	<u>857</u>
	<u><u>(99,143)</u></u>	<u><u>-</u></u>	<u><u>(99,143)</u></u>

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

9. DIVIDENDS

	2022	2021
	£	£
Ordinary shares of £1 each		
Interim	194,400	182,798

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 June 2021	613,810	363,999	3,475,481
Additions	-	-	49,896
At 31 May 2022	613,810	363,999	3,525,377
DEPRECIATION			
At 1 June 2021	71,615	106,223	2,196,007
Charge for year	12,277	18,201	209,027
At 31 May 2022	83,892	124,424	2,405,034
NET BOOK VALUE			
At 31 May 2022	529,918	239,575	1,120,343
At 31 May 2021	542,195	257,776	1,279,474
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 June 2021	312,673	34,503	4,800,466
Additions	-	11,000	60,896
At 31 May 2022	312,673	45,503	4,861,362
DEPRECIATION			
At 1 June 2021	238,556	31,644	2,644,045
Charge for year	21,670	535	261,710
At 31 May 2022	260,226	32,179	2,905,755
NET BOOK VALUE			
At 31 May 2022	52,447	13,324	1,955,607
At 31 May 2021	74,117	2,859	2,156,421

The net book value of tangible fixed assets includes £533,108 (2021 - £696,740) in respect of assets held under hire purchase contracts.

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

11.	STOCKS		
		2022	2021
		£	£
	Raw materials	397,622	204,571
	Work-in-progress	659,136	487,192
	Finished goods	293,922	356,515
		<u>1,350,680</u>	<u>1,048,278</u>
12.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2022	2021
		£	£
	Trade debtors	1,574,320	1,340,055
	Other debtors	-	3,119
	Corporation tax recoverable	195,139	189,095
	Prepayments	51,556	27,274
		<u>1,821,015</u>	<u>1,559,543</u>
13.	CURRENT ASSET INVESTMENTS		
		2022	2021
		£	£
	Managed Investments	<u>488,210</u>	<u>399,381</u>
14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2022	2021
		£	£
	Bank loans and overdrafts (see note 16)	220,144	165,554
	Hire purchase contracts (see note 17)	123,398	196,760
	Trade creditors	1,412,197	844,529
	Amounts owed to associated companies	45,555	38,955
	Social security and other taxes	121,109	232,442
	Invoice discounting	882,365	767,161
	Other creditors	45,699	44,598
	Directors' current accounts	914	2,361
	Accruals & deferred income	192,891	122,121
		<u>3,044,272</u>	<u>2,414,481</u>
15.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
		2022	2021
		£	£
	Bank loans (see note 16)	834,138	841,440
	Hire purchase contracts (see note 17)	19,438	119,359
		<u>853,576</u>	<u>960,799</u>

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

16. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	191,494	137,985
Mortgage	28,650	27,569
	<u>220,144</u>	<u>165,554</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	193,425	139,828
Mortgage - 1-2 years	29,783	28,660
	<u>223,208</u>	<u>168,488</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	374,967	371,358
Mortgage - 2-5 years	96,608	92,965
	<u>471,575</u>	<u>464,323</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	13,890	50,000
Mortgage more than 5yr by instalment	125,465	158,629
	<u>139,355</u>	<u>208,629</u>

The mortgage is due to be fully paid by April 2030 with an interest rate of 3.94%

The other loan is due to be fully paid April 2024 with an interest rate of 3.9%

The CBILS loan is due to be fully paid May 2026 with repayments starting in June 2021.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022 £	2021 £
Net obligations repayable:		
Within one year	123,398	196,760
Between one and five years	19,438	119,359
	<u>142,836</u>	<u>316,119</u>

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

17. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	6,401	31,295
Between one and five years	-	2,964
	<u>6,401</u>	<u>34,259</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	1,054,282	1,006,994
Hire purchase contracts	142,836	316,119
Invoice discounting	882,365	767,161
	<u>2,079,483</u>	<u>2,090,274</u>

The hire purchase liability is secured on the assets financed.

The invoice discounting liability is secured on specific trade debtor balances.

The bank loan is secured on the assets of the company

The mortgage is secured on the property to which it relates recognised in these financial statements.

19. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>199,712</u>	<u>220,443</u>
		Deferred tax
		£
Balance at 1 June 2021		220,443
Provided during year		(20,731)
Balance at 31 May 2022		<u>199,712</u>

The deferred tax balance consists of accelerated capital allowances

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

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
23,701	Ordinary A	£1	23,701	23,701
3,000	Ordinary C	£1	3,000	3,000
300	Ordinary D	£1	300	300
1	Ordinary E	£1	1	1
1,287	Ordinary F	£1	1,287	2,144
			<u>28,289</u>	<u>29,146</u>

21. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 June 2021	2,229,731	857	2,230,588
Profit for the year	233,562		233,562
Dividends	(194,400)		(194,400)
Purchase of own shares	(75,000)	857	(74,143)
At 31 May 2022	<u>2,193,893</u>	<u>1,714</u>	<u>2,195,607</u>

22. PENSION COMMITMENTS

Pension commitments at the period end totalled £5,221 (2021 : £7,157)

23. OTHER FINANCIAL COMMITMENTS

The company has committed to pay rent of £66,000 per annum in future years.

24. RELATED PARTY DISCLOSURES

At the balance sheet date, £45,555 was due to PAB Rugby Limited a company with directors in common.

Rent of £66,000 was paid during the year

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Mark Brazier.