

Saywell International Limited

Annual report and Financial Statements

Year Ended

31 August 2022

Company Registration Number 00579488



Saywell International Limited

Report and financial statements for the year ended 31 August 2022

Contents

Page:

1	Report and financial statements for the year
2	Strategic report
5	Directors' report
8	Directors' responsibilities statement
9	Independent auditor's report
13	Consolidated profit and loss account
14	Consolidated statement of comprehensive income
15	Consolidated balance sheet
16	Consolidated statement of changes in equity
17	Consolidated statement of cash flows
18	Company balance sheet
19	Company statement of changes in equity
20	Notes forming part of the financial statements

Saywell International Limited

Report and financial statements
for the year ended 31 August 2022

Directors

P L Saywell
M E Saywell
R Tudor
S Sutaria

Secretary and registered office

H A Edmonds, Aviation Centre, Downlands Business Park, Lyons Way, Worthing, West Sussex, BN14 9LA

Company number

00579488

Bankers

National Westminster Bank plc, 154 The Street, Rustington, West Sussex, BN16 3DA

Solicitors

Irwin Mitchell, Belmont House, Station Way, Crawley, RH10 1JA

Auditor

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

Saywell International Limited

Strategic report for the year ended 31 August 2022

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

This strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Saywell International Limited and its subsidiary undertaking when viewed as a whole.

The results for the group show a profit after tax of £5,118,871 (2021 - £2,869,351). Turnover in the year was £70,284,539 (2021 - £52,737,900). The 33% increase in the group's turnover reflects the recovery of the aviation industry after the COVID-19 pandemic. The reported gross profit margin increased by 2.9% from 21.6% to 24.50% and includes a charge of £7,424,377 against the carrying value of stock (2021: £895,314 credit). The increase in profit before tax is aligned with the group's increase in turnover and is more reflective of pre-pandemic trading.

Key performance indicators

The directors consider the key measures of the group's performance to be trends in the following:

	2022 £	2021 £
Turnover	70,284,539	52,737,900
Gross profit	17,222,212	11,382,320
Profit before taxation	6,262,456	3,643,053
Stock	25,898,052	29,674,011
Total shareholders' funds	31,093,873	28,412,043

The review of the business includes an analysis of the key performance indicators.

Principal risks and uncertainties

The principal risks and uncertainties affecting the management of the business and the execution of the group's strategy are considered to relate to the sensitivity of the aviation industry to changes in the economic and regulatory environment. The Directors ensure that these risks are managed, monitored and reviewed on a regular basis and adopt appropriate policies accordingly.

Brexit

The directors continually monitor the economic and legislative position following Brexit and believe they are well placed through its global activities to address any changes as and when they might arise. The company has put in place processes to handle the additional administrative procedures and Customs requirements applicable on the movement of goods. The company continues to invest in its Information Technology infrastructure to ease the increased documentation needs of its European customers and suppliers which has helped to ease pressures throughout the supply chain.

Saywell International Limited

Strategic report
for the year ended 31 August 2022 (*continued*)

Russia's invasion of Ukraine

On 24 February 2022, Russia launched an invasion of Ukraine which has been met by a series of wide-ranging sanctions being imposed on Russian individuals and entities by the UK, US and EU governments. The directors do not believe that these measures have had a material impact on the company's turnover, cash flows or the recoverability of certain assets in the region.

Future developments

The breadth and depth of the capabilities brought about by the continued investment in new inventories will continue to help to reduce the company's longer term exposure to some of the negative effects experienced by the industry.

Post balance sheet events

There have been no events subsequent to the balance sheet date that require disclosure in the financial statements

Section 172 statement

The directors strive to have regard to the likely consequences their decisions may have in the long term on the company's employees, customers, suppliers and other stakeholders including the impact of the company's operations on the local community and environment.

This section together with the annual report describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members.

Saywell International Limited

Strategic report
for the year ended 31 August 2022 (*continued*)

The interests of the Company's employees

The company's employees are pivotal to the success of the company and the directors recognise the contribution of each member of the team. Communication throughout the organisation is key and each employee receives a daily update on the business and its activity; ensuring the challenges and opportunities faced by the company are shared across its people. The directors ensure that the views and interests of employees are gathered and considered in its decision making through regular one to one dialogue.

The need to foster the company's business relationships with customers

Customers are central to the success of the business and all directors work within the business to ensure regular dialogue with customers and suppliers is maintained by way of premises visits and virtual meetings. Customer questionnaires are used to garner feedback on the products and the standard of service offered by the company to ensure the company adapts to changes in demand.

The need to foster the company's business relationships with suppliers

The company aims to build trusted partnerships with its suppliers through regular dialogue. Reviews take account of both the company and supplier's performance and feedback so that they are mutually beneficial and help to foster long standing relationships.

The impact of the Company's operations on the community

The directors recognise their role in supporting the community. The company continues to support local sports clubs and charities with particular emphasis on those that play a key part in maintaining the welfare of local children. The directors have also supported small local businesses and mentored young entrepreneurs when starting up in business.

The likely consequences of any decisions in the long term

The directors fully appreciate that their strategic decisions have long term implications for the business and its stakeholders alike and the importance of ensuring these implications are carefully assessed. The company's near term objective to return to sustainable growth is one that will benefit all its stakeholders and any long term decisions in this respect will only be approved once the directors are satisfied they have fully understood the effects these might have on all the company's stakeholders.

The directors are satisfied that they have met the requirements set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members.

Approved by the Board of Directors
and signed on behalf of the Board



P L Saywell
Director

Date 17th March 2023

Saywell International Limited

Directors' report for the year ended 31 August 2022

The directors present their annual report and the audited financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the group is the supply of aircraft spares through Saywell International Limited and through the subsidiary company Saywell International Inc., a company incorporated in the United States of America.

UK Greenhouse gas emissions and energy use data for the period 1 September 2021 to 31 August 2022

	Year ended 31 August 2022	Year ended 31 August 2021
Energy consumption used to calculate emissions (kWh)	986,748	1,259,045
Energy		
- gas		
- electricity		
- transport fuel		
Scope 1 emissions in metric tonnes CO₂e		
Gas combustion	94	168
Owned transport	6	6
Total Scope 1 in metric tonnes CO ₂ e		
Scope 2 emissions in metric tonnes CO₂e	100	174
Purchased electricity	86	95
Scope 3 emissions in metric tonnes CO₂e		
Business travel in employee owned vehicles	0.5	0.07
Total gross emissions in metric tonnes CO₂e	186.50	269.07
Intensity ratio kilograms of CO₂e per £ Revenue	0.0027	0.0051

Quantification and reporting methodology

The Streamlined Energy and Carbon Reporting ("SECR") disclosure of the Company's UK carbon footprint covers the period from 1 September 2021 to 31 August 2022. When preparing the report, the Company followed the 2019 HM Government Environmental Reporting Guidelines and the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in grammes CO₂e per £ revenue.

Measures taken to improve energy efficiency

The Company has a program of converting to LED lighting and is moving away from purely combustion engines for its company vehicles.

Saywell International Limited

Directors' report for the year ended 31 August 2022 (*continued*)

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report to the financial statements on pages 2-4 and form part of this report by cross-reference.

Going Concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note in the financial statements.

Financial risk management objectives and policies

As part of the group's compliance with the Companies Act 2006 the directors wish to report on various additional matters in relation to the management of financial risks to which the business is exposed. The group does not use financial derivatives to mitigate these risks based on cost benefit considerations.

Cash flow risk

The net borrowings of the business are a combination of loan creditors. Interest on borrowings is linked to base rates and US and London Interbank offered rates and therefore the group is affected by fluctuations in the level of interest rates. The group's activities expose it to a degree of financial risk of changes in foreign currency exchange rates though the group seeks to mitigate this risk by matching the foreign currency of its assets, liabilities, cash inflows and outflows.

Credit risk

The group's credit risk is primarily attributable to its trade debtors. Credit checks are undertaken on new customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors. The majority of cash balances are held with National Westminster Bank plc and directors monitor the position of the bank.

Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

The group's bank borrowings are subject to covenants. Based on the group's projections the directors expect that the group will be able to operate within the level of its current credit facilities for the foreseeable future.

Dividends

The directors do not recommend the payment of a final dividend (2021 - £Nil). An interim dividend of £21,667 per ordinary share was paid during the year (2021 - £20,000).

Directors

The directors, who served throughout the year were as follows:

P L Saywell
M E Saywell
R Tudor
S Sutaria

Saywell International Limited

Directors' report for the year ended 31 August 2022 (*continued*)

Directors' indemnities

The group has not made any qualifying third party provisions for the benefit of its directors.

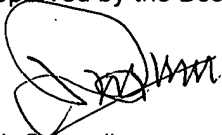
Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



P L Saywell
Director

Date 17th March 2023

Registered Office:
Aviation Centre
Downlands Business Park
Worthing
West Sussex
BN14 9LA

Saywell International Limited

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Saywell International Limited

Independent auditor's report to the members of Saywell International Limited

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Saywell International Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 August 2022 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statements of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes forming part of 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 Group and 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 Directors with respect to going concern are described in the relevant sections of this report.

Saywell International Limited

Independent auditor's report to the members of Saywell International Limited (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

Other Companies Act 2006 reporting

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.

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 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 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 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 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Saywell International Limited

Independent auditor's report to the members of Saywell International Limited (*continued*)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding of the Group and the Parent Company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We have evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk were related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed our audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed included:

- discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Conducting a detailed evaluation of the risks associated with each stream of revenue applicable to the entity and conducted testing on sample basis with appropriate supporting documents such as customer orders, acceptances, invoices and bank payments;
- evaluation of controls designed to prevent and detect irregularities;
- testing on a sample basis the appropriateness of journal entries and other adjustments; and
- assessing whether the judgements made in making accounting estimates are indicative of potential bias.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Saywell International Limited

Independent auditor's report to the members of Saywell International Limited (*continued*)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

David I Anson

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David I'Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK

Date 17 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Saywell International Limited

Consolidated profit and loss account for the year ended 31 August 2022

	Note	2022 £	2021 £
Turnover	3	70,284,539	52,737,900
Cost of sales		(53,062,327)	(41,355,580)
Gross profit		17,222,212	11,382,320
Sales and distribution costs		(1,175,523)	(938,598)
Administrative expenses		(8,344,530)	(6,984,149)
Other operating income		24,963	92,593
Operating profit	5	7,727,122	3,552,166
Interest receivable and similar income		34,295	22,173
Finance (expense)/income	4	(1,459,443)	107,223
Finance charge on net pension liability	18	(39,518)	(38,509)
Profit before taxation		6,262,456	3,643,053
Tax on profit	8	(1,143,585)	(773,702)
Profit for the financial year		5,118,871	2,869,351

All the results derive from continuing operations.

The notes on pages 20 to 38 form part of the financial statements.

Saywell International Limited

Consolidated statement of comprehensive income for the year ended 31 August 2022

	Note	2022 £	2021 £
Profit for the financial year		5,118,871	2,869,351
Currency translation differences on foreign currency net investments		328,477	(52,714)
Remeasurement of net defined benefit liability	18	645,975	59,557
Movement in deferred tax relating to pension deficit	16	(161,493)	193,201
Other comprehensive income		812,959	200,044
Total comprehensive income		5,931,830	3,069,395

The notes on pages 20 to 38 form part of the financial statements.

Saywell International Limited

Consolidated balance sheet at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	893,382	1,095,687
		<u>893,382</u>	<u>1,095,687</u>
Current assets			
Stocks	12	25,898,052	29,674,011
Trade and other receivables	13	9,228,158	6,941,190
Cash at bank and in hand		17,123,822	11,397,094
		<u>52,250,032</u>	<u>48,012,295</u>
Creditors: amounts falling due within one year	14	(16,836,824)	(12,109,982)
		<u>35,413,208</u>	<u>35,902,313</u>
Net current assets			
		<u>36,306,590</u>	<u>36,998,000</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	(3,308,250)	(5,977,140)
Provisions for liabilities	16	(83,272)	(96,684)
		<u>32,915,068</u>	<u>30,924,176</u>
Net assets excluding pension liability			
Pension liability	18	(1,821,195)	(2,512,133)
		<u>31,093,873</u>	<u>28,412,043</u>
Net assets including pension liability			
		<u>31,093,873</u>	<u>28,412,043</u>
Capital and reserves			
Called up share capital	19	150	150
Share premium	19	69,050	69,050
Capital redemption reserve	19	822	822
Profit and loss account	19	31,023,851	28,342,021
		<u>31,093,873</u>	<u>28,412,043</u>
Total shareholders' funds			
		<u>31,093,873</u>	<u>28,412,043</u>

These financial statements were approved by the board of directors and authorised for issue on 17th March 2023

They were signed on its behalf by:


P L Saywell
Director

The notes on pages 20 to 38 form part of the financial statements.

Saywell International Limited

Consolidated statement of cash flows for the year ended 31 August 2022

	Note	2022 £	2021 £
Net cash inflow from operating activities	22	9,206,269	4,835,926
Cash flows from investing activities			
Interest received		34,295	22,173
Interest paid		(211,106)	(263,175)
Purchase of tangible fixed assets		(24,822)	(279,246)
Proceeds from sale of tangible fixed assets		52,000	104,751
Net cash (outflow) from investing activities		(149,633)	(415,497)
Cash flows from financing activities			
Repayment of bank loans		(3,329,908)	(1,547,897)
Net cash (outflow) from financing activities		(3,329,908)	(1,547,897)
Net increase in cash and cash equivalents		5,726,728	2,872,532
Cash and cash equivalents at the beginning of the year		11,397,094	8,524,562
Cash and cash equivalents at the end of the year		17,123,822	11,397,094
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		17,123,822	11,397,094
Cash and cash equivalents		17,123,822	11,397,094

The notes on pages 20 to 38 form part of the financial statements.

Saywell International Limited

Company balance sheet at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	875,677	1,100,116
Investments	11	687	687
		<u>876,364</u>	<u>1,100,803</u>
Current assets			
Stocks	12	24,980,195	28,540,532
Debtors	13	8,204,404	6,353,585
Cash at bank and in hand		15,866,369	10,688,827
		<u>49,050,968</u>	<u>45,582,944</u>
Creditors: amounts falling due within one year	14	<u>(15,867,727)</u>	<u>(11,353,442)</u>
Net current assets		<u>33,183,241</u>	<u>34,229,502</u>
Total assets less current liabilities		<u>34,059,605</u>	<u>35,330,305</u>
Creditors: amounts falling due after more than one year	15	<u>(3,308,250)</u>	<u>(5,977,140)</u>
Provisions for liabilities	16	<u>(83,272)</u>	<u>(96,684)</u>
Net assets excluding pension liability		<u>30,668,083</u>	<u>29,256,481</u>
Pension liability	18	<u>(1,821,195)</u>	<u>(2,512,133)</u>
Net assets including pension liability		<u>28,846,888</u>	<u>26,744,348</u>
Capital and reserves			
Called up share capital	19	150	150
Share premium	19	69,050	69,050
Capital redemption reserve	19	822	822
Profit and loss account	19	28,776,866	26,674,326
Total shareholders' funds		<u>28,846,888</u>	<u>26,744,348</u>

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

The profit for the financial year dealt with in the financial statements of the parent company was £4,868,058 (2021 - £2,809,959). These financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 19th March 2023


P L Saywell
Director

The notes on pages 20 to 38 form part of the financial statements.

Saywell International Limited

Notes forming part of the financial statements for the year ended 31 August 2022

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Saywell International Limited (the Company) is a private limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Aviation Centre, Downlands Business Park, Worthing, West Sussex. BN14 9LA.

The nature of the group's operations and its principal activities are set out in the Strategic Report on page 2 and the Directors' Report on page 5.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The functional currency of Saywell International Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Saywell International Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking, Saywell International Inc., drawn up to 31 August each year.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Saywell International Limited

Notes forming part of the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the group; its cash flows, liquidity position and borrowing facilities; the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors of the company continue to monitor the impact of COVID-19 and the conflict in Ukraine on the business. The directors consider that the group's forecasts and projections, taking account of possible changes in trading performance as a result of COVID-19 and the conflict in Ukraine, show that the group should be able to operate within the level of its current credit facilities. The group's bank borrowings are subject to covenants. The directors of the company continue to monitor any remaining impact of COVID-19 and the conflict in Ukraine on the business. Based on the group's projections the directors expect that the group will have sufficient cash flows for the next twelve months. As a consequence, the directors believe the group is well placed to manage its business risks successfully despite the dynamics of the current economy and for these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Tangible fixed assets are included at cost less depreciation. Depreciation is provided on all tangible fixed assets on either a reducing balance or straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	-	25% per annum
Fixtures, fittings and office equipment	-	15% per annum
Computer equipment	-	25% per annum
Short leasehold improvements	-	Over the lease term

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of profit and loss account.

Investments

Investments held as fixed assets are stated at cost, less provision for any impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value and charged to cost of sales on an actual per unit basis. Provisions are made for obsolete stock. Job lot stocks are stated in accordance with the accounting policy set out below.

Job lot stock

The cost of job lot stocks acquired is apportioned across each item contained therein based on their individual estimated market value and stated at the lower of cost and net realised value.

Saywell International Limited

Notes forming part of the financial statements for the year ended 31 August 2022 (*continued*)

1 Accounting policies (*continued*)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. The balances on foreign bank accounts and all foreign denominated assets and liabilities have been translated into sterling using the rates of exchange ruling at the year end. These translation differences are dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Saywell International Limited

Notes forming part of the financial statements for the year ended 31 August 2022 (*continued*)

1 Accounting policies (*continued*)

Pension costs

The group operates defined contribution schemes for the employees. The group also operates an unfunded defined benefit arrangement for two former employees. The contributions are at the discretion of the group and are based on calculations performed periodically by professionally qualified actuaries. The assets of the defined contribution schemes are held separately from those of the group.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, or b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 *(continued)*

1 Accounting policies *(continued)*

(ii) Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There are no significant critical judgements that the Directors have made in applying the company's accounting policies that have any significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of trade debtors

Trade debtors are stated at their recoverable amount based on reviews of specific customers' credit worthiness and payment profiles.

(b) Impairment of stocks

Stocks are stated at the lower of cost and net realisable value. An assessment of likely future revenue from the inventory is made based on historic sales and economic data on the number of aircraft in service. The directors are of the opinion that adequate provision has been made to reflect the possibility of stocks being sold at less than cost.

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (*continued*)

3 Turnover

The total turnover and profits for the year have been derived from the principal activity of the group. Turnover represents the invoiced value of goods supplied during the year, excluding value added tax. An analysis of the group's turnover by geographical market is set out below.

	2022 £	2021 £
Geographical analysis of turnover by destination:		
Europe	32,164,713	22,619,028
Americas	18,816,632	15,216,933
Asia	14,277,980	11,452,043
Africa	3,038,183	2,279,844
Rest of the world	1,987,031	1,170,052
	<u>70,284,539</u>	<u>52,737,900</u>

4 Finance expense / (income)

	2022 £	2021 £
Interest payable on bank loans	209,594	228,406
Interest payable on other loans	18,811	23,670
Exchange loss / (gain) on foreign currency borrowings	1,231,038	(359,299)
	<u>1,459,443</u>	<u>(107,223)</u>

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

5 Operating Profit

	2022 £	2021 £
Operating Profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	199,504	222,067
Gain on disposal of fixed assets	24,377	30,869
Impairment of stock recognised as an expense	7,424,377	(895,314)
Rentals under operating leases:		
- Hire of plant and equipment	32,916	32,712
- Other operating leases	970,799	1,059,605
Fees payable to the company's auditors for the audit of the company's annual financial statements	47,777	47,906
	<u> </u>	<u> </u>

The impairment of stocks is included in cost of sales and the increase in the year arose as a result of the diminution in value of stock where limited demand now exists.

6 Staff numbers and costs

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
The average monthly number of employees was:				
Office and management	18	14	13	10
Production and sales	37	40	31	33
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	55	54	44	43
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Their aggregate remuneration comprised:				
Wages and salaries	3,757,674	3,239,174	2,905,120	2,571,239
Social security costs	377,256	336,741	377,256	336,741
Other pension costs	258,133	240,748	238,943	227,377
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,393,063	3,816,663	3,521,319	3,135,357
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

7 Directors' remuneration	2022	2021
	£	£
Emoluments	865,320	668,066
Company contributions to money purchase schemes	75,185	70,098
	<u>940,505</u>	<u>738,164</u>
Remuneration of the higher paid director	£	£
Emoluments	318,610	287,637
Pension costs	43,063	40,149
	<u>361,673</u>	<u>327,786</u>
	Number	Number
Number of directors who are members of defined benefit pension scheme	-	-
Number of directors who are members of money purchase scheme	2	2

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

8 Tax on profit	2022	2021
The tax charge comprises:	£	£
(a) Current tax		
United Kingdom corporation tax at 19% (2021 - 19%)	1,200,000	700,000
Foreign tax	24,307	9,616
Adjustments in respect of prior years	(78,551)	-
Total current tax	1,145,756	709,616
Deferred tax		
Timing differences, originating and reversal	(24,823)	6,393
Adjustments in respect of prior years	11,411	50,333
Pension liability	11,241	7,360
Total deferred tax	(2,171)	64,086
Tax on profit	1,143,585	773,702

(b) Factors affecting current tax charge for the year

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022	2021
	£	£
Profit on ordinary activities before taxation	6,262,456	3,643,053
Standard rate of corporation tax in the UK	19%	19%
Tax on group profit at standard UK corporation tax rate of 19% (2021 - 19%)	1,189,867	692,180
Effects of:		
Expenses not deductible for tax purposes	63,337	81,717
Difference in tax rates on overseas earnings	(31,068)	(195)
Adjustments to tax charge in respect of prior periods	(78,551)	-
Group total tax charge for the year	1,143,585	773,702

Factors that may affect future tax charge

Section 6 of the Finance Act 2021 (FA 2022) increases the main rate of corporation tax from 19 per cent to 25 per cent, with effect from the financial year beginning 1 April 2023. This rate increase has been reflected in the calculation of deferred tax at the balance sheet date.

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (*continued*)

9 Dividends on equity shares

	2022 £	2021 £
Interim dividend for the year ended 31 August 2022 of £21,667 (2021 - £20,000) per ordinary share	3,250,000	3,000,000

10 Tangible fixed assets

Group	Motor vehicles £	Fixtures, fittings plant and equipment £	Computer equipment and software £	Short leasehold improvements £	Total £
<i>Cost</i>					
At 1 September 2021	540,824	1,547,840	616,430	1,282,255	3,987,349
Additions	-	11,463	13,359	-	24,822
Disposals	(134,012)	-	-	-	(134,012)
At 31 August 2022	406,812	1,559,303	629,789	1,282,255	3,878,159
<i>Depreciation</i>					
At 1 September 2021	193,854	1,273,984	572,664	851,160	2,891,662
Charge for the year	81,720	45,014	7,211	65,559	199,504
Disposals	(106,389)	-	-	-	(106,389)
At 31 August 2022	169,185	1,318,998	579,875	916,719	2,984,777
<i>Net book value</i>					
At 31 August 2022	237,627	240,305	49,914	365,536	893,382
At 31 August 2021	346,970	273,856	43,766	431,095	1,095,687

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (*continued*)

10 Tangible fixed assets (*continued*)

Company	Motor vehicles £	Fixtures, fittings plant and equipment £	Computer equipment and software £	Short leasehold improvements £	Total £
<i>Cost</i>					
At 1 September 2021	540,824	1,495,173	560,274	1,282,255	3,878,526
Additions	-	1,855	-	-	1,855
Disposals	(134,012)	-	-	-	(134,012)
	<u>406,812</u>	<u>1,497,028</u>	<u>560,274</u>	<u>1,282,255</u>	<u>3,746,369</u>
<i>Depreciation</i>					
At 1 September 2021	193,854	1,201,361	532,035	851,160	2,778,410
Charge for the year	81,720	44,334	7,058	65,559	198,671
Disposals	(106,389)	-	-	-	(106,389)
	<u>169,185</u>	<u>1,245,695</u>	<u>539,093</u>	<u>916,719</u>	<u>2,870,692</u>
<i>Net book value</i>					
At 31 August 2022	<u>237,627</u>	<u>251,333</u>	<u>21,181</u>	<u>365,536</u>	<u>875,677</u>
At 31 August 2021	<u>346,970</u>	<u>293,812</u>	<u>28,239</u>	<u>431,095</u>	<u>1,100,116</u>

11 Investments held as fixed assets

Company	Shares in subsidiary undertakings £	Total £
<i>Cost</i>		
At 1 September 2021 and 31 August 2022	<u>687</u>	<u>687</u>

Saywell International Limited owns 100% of the voting rights and ordinary share capital of Saywell International Inc., a company incorporated in the United States of America whose registered address is 3700 North 29th Avenue, Unit 101 Hollywood, Florida and whose principal activity is the supply of aircraft spares.

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

12 Stocks

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Goods for resale	10,621,829	12,479,377	9,902,045	11,801,574
Job lot stock	15,276,223	17,194,634	15,078,150	16,738,958
	<u>25,898,052</u>	<u>29,674,011</u>	<u>24,980,195</u>	<u>28,540,532</u>

13 Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year:				
Trade debtors	8,291,494	5,411,533	7,177,349	4,296,373
Amounts owed by Group undertakings	-	-	217,298	676,409
Other debtors	133,807	126,740	6,900	15,408
Corporation tax	-	206,844	-	169,322
Other taxation and social security	80,668	221,679	80,668	221,679
Deferred tax asset relating to pension liability	455,299	628,033	455,299	628,033
Prepayments and accrued income	266,890	346,361	266,890	346,361
	<u>9,228,158</u>	<u>6,941,190</u>	<u>8,204,404</u>	<u>6,353,585</u>

Amounts owed by Group undertaking relate to trading balances under normal commercial terms with no interest charged

All amounts due under debtors fall due for payment within one year except the deferred tax asset relating to the defined benefit pension scheme which will reverse over the life of the scheme and is subject to changes in valuation of the defined benefit obligation.

14 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (see note 15)	3,694,793	3,124,773	3,694,793	3,124,773
Trade creditors	8,151,783	6,633,357	7,213,438	6,000,824
Corporation tax	543,259	-	575,000	-
Other taxation and social security	182,158	154,660	182,158	154,660
Other creditors	27,435	24,561	27,435	24,561
Directors' current account	717,048	256,326	717,048	256,326
Accruals	3,520,348	1,916,305	3,457,855	1,792,298
	<u>16,836,824</u>	<u>12,109,982</u>	<u>15,867,727</u>	<u>11,353,442</u>

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (*continued*)

15 Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	3,308,250	5,977,140	3,308,250	5,977,140

Maturity profile at 31 August 2022

Group and company	Bank loans 2022 £
Within one year	3,694,793
Between one and two years	3,308,250
Between two and five years	-
	<u>7,003,043</u>

The bank loans are secured by a first charge over those assets specified in the debenture. The aggregate debt is comprised of term loans and revolving credit facilities. The Group's debt bears interest at a margin over US Dollar LIBOR and Sterling LIBOR.

Maturity profile at 31 August 2021

Group and company	Bank loans 2021 £
Within one year	3,124,773
Between one and two years	1,090,037
Between two and five years	4,887,103
	<u>9,101,913</u>

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

16 Provisions

Deferred tax

The amounts of deferred taxation provided in the financial statements are as follows:

Group and company	31 August 2021 £	Charge to profit and loss account £	Charged to statement of total comprehensive income £	31 August 2022 £
Capital allowances (in excess of)/less than depreciation	(96,684)	13,412	-	(83,272)
Deferred tax liability excluding pension liability	(96,684)	13,412	-	(83,272)
Deferred tax asset relating to pension liability (note 18)	628,033	(11,241)	(161,492)	455,300
Deferred tax including that relating to pension liability	531,349	2,171	(161,492)	372,028

17 Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Measured at amortised cost				
- Trade and other debtors (see note 13)	8,425,301	5,538,273	7,401,546	4,988,190
Financial liabilities				
Measured at amortised cost				
- Trade and other creditors (see note 14)	8,179,218	6,657,918	7,240,873	6,025,385
- Loans payable (see note 15)	7,003,043	9,101,913	7,003,043	9,101,913
	15,182,261	15,759,831	14,243,916	15,127,298

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

17 Financial instruments (continued)

The Group's and Company's income, and expense, gains and losses in respect of financial instruments are summarised below:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Interest income and expense				
Total interest income for financial assets at amortised cost	34,295	381,472	34,295	381,472
Total interest expense for financial liabilities at amortised cost	1,459,443	252,076	1,459,443	252,076

18 Pension costs

Defined contribution scheme

The Group operates several defined contribution pension arrangements for its employees. The pension cost of £258,133 (2021 - £240,748) in respect of these arrangements represents the actual contributions payable by the group to the defined contribution schemes. The outstanding contributions at the year-end were £27,435 (2021: £24,561)

Defined benefit scheme

The Group also operates an unfunded defined benefit arrangement for two former employees.

Liability calculations were performed for each employee as at 31 August 2022 and 31 August 2021 by an independent qualified actuary.

Financial assumptions

Key assumptions used:

	2022 (%)	2021 (%)
Discount rate	4.30%	1.60%
Rate of increase of pensions in payment - RPI capped at 2.5%	3.90%	2.40%
Rate of increase of pensions in payment - RPI capped at 5.0%	3.90%	3.60%
Price inflation	2.50%	3.60%

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 *(continued)*

18 Pensions costs *(continued)*

Mortality assumptions

	2022	2021
The assured life expectations on retirement age 65 are:		
Retiring today	21.6	21.6

Amounts recognised in the profit and loss account are as follows:

	2022 £	2021 £
Current service cost	84,482	67,948
Net interest cost	(39,518)	(38,509)
	44,964	29,439
Recognised in other comprehensive income	645,975	59,557
Total cost relating to defined benefit scheme	690,939	88,996

The amount included in the balance sheet arising from the Group's obligations in respect of the defined benefit arrangements is as follows:

	2022 £	2021 £
Present value of defined benefit obligations	(1,821,195)	(2,512,133)
Deficit in scheme	(1,821,195)	(2,512,133)

Movement in the present value of defined benefit obligations were as follows:

	2022 £	2021 £
At 1 September	(2,512,133)	(2,601,129)
Company contributions	84,482	67,948
Net interest cost	(39,518)	(38,509)
Actuarial gains	645,975	59,557
At 31 August	(1,821,194)	(2,512,133)

The amounts included in other finance charges

	2022 £	2021 £
Interest cost on scheme liabilities	39,518	38,509

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (*continued*)

18 Pensions costs (*continued*)

The five year history of experience adjustments is as follows:

	2022 £	2021 £	2020 £	2019 £	2018 £
Experience gains and losses on scheme liabilities					
Amount (£)	(24,609)	21,546	(9,222)	(10,352)	(11,276)
Percentage of schemes liabilities (%)	1.35%	(0.86%)	0.35%	0.39%	0.48%
Total amount recognised in the statement of comprehensive income					
Amount (£)	645,975	59,557	(113,216)	(297,404)	(87,434)
Percentage of schemes liabilities (%)	(35.46%)	(2.37%)	4.35%	11.31%	(3.70%)

The estimated amounts of contributions expected to be paid to the scheme in respect of pension payments to members in the proceeding financial year is £100,373.

19 Called up share capital

	2022 £	2021 £
<i>Authorised</i>		
1,000 (2021 - 1,000) ordinary shares of £1 each	1,000	1,000
<i>Called up, allotted and fully paid</i>		
150 (2021 - 150) ordinary shares of £1 each	150	150

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The capital redemption reserve represents the amounts transferred following the reduction of the company's share capital.

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

20 Financial commitments

At 31 August 2022, the total future minimum lease payments under non-cancellable operating leases are as follows:

	Motor vehicles		Leasehold premises	
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Leases which expire:				
Within one year	20,652	32,310	1,132,324	1,143,924
Between one and five years	6,162	26,814	4,520,016	4,522,336
After five years	-	-	7,439,193	8,569,197
	<u>26,814</u>	<u>59,124</u>	<u>13,091,533</u>	<u>14,235,457</u>

21 Capital commitments and contingent liabilities

The company has granted the following guarantees:

- a £10,000 Deferred Duty Guarantee in favour of Her Majesty's Revenue and Customs (2021 - £10,000)

22 Notes to the consolidated cash flow statement

Reconciliation of consolidated operating profit to group net cash inflow from operating activities

	2022 £	2021 £
Operating profit	7,727,122	3,552,166
Depreciation charge	199,504	222,067
Profit on disposal of fixed assets	(24,377)	(30,869)
Decrease in stock	3,883,086	3,218,718
(Increase)/decrease in debtors	(2,235,241)	405,269
Increase/(decrease) in creditors	136,310	(1,355,208)
Pension contributions	(84,482)	(67,948)
Corporation tax paid	(395,653)	(1,108,269)
	<u>9,206,269</u>	<u>4,835,926</u>

Non cash transactions

During the year dividends of £3,250,000 (2021 - £3,000,000) were added to the director's current account. (See note 9).

Saywell International Limited

Notes forming part of the financial statements
for the year ended 31 August 2022 (continued)

23 Net debt reconciliation

	1 September 2021 £	Cash flows £	Forex translation difference £	31 August 2022 £
Cash at bank and in hand	11,397,094	5,726,728	-	17,123,822
Bank loans	(9,101,913)	3,329,908	(1,231,038)	(7,003,043)
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	2,295,181	9,056,636	(1,231,038)	10,120,779
	<hr/>	<hr/>	<hr/>	<hr/>

24 Controlling party

The group is controlled by P L Saywell, a director of the company, as a result of controlling, directly and indirectly, 100% of the issued share capital of the company.

25 Related party transactions

The company holds 100% of the voting rights of its subsidiary undertaking and has taken advantage of the exemption in FRS 102 not to disclose any transactions or balances with the other entity in the group.

Key management personnel

The directors are considered to be as such and their total remuneration is disclosed in note 7 as £940,505 (2021 - £738,164).

26 Post balance sheet events

There have been no subsequent events.