

COMPANY REGISTRATION NUMBER: 06365584

# L.A.C Conveyor Systems Limited

## Financial Statements

31 October 2022



### **ANTHON MARLOW**

Chartered Certified Accountants & statutory auditor  
6 Clinton Avenue  
Nottingham  
NG5 1AW

# **L.A.C Conveyor Systems Limited**

## **Financial Statements**

**Year ended 31 October 2022**

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# **L.A.C Conveyor Systems Limited**

## **Officers and Professional Advisers**

### **The board of directors**

Christopher Unwin  
Roger Mackness  
Gary Bale  
Helen Pettit  
Mike Hilton  
Jonathon Wilton  
Joe Metcalfe

### **Company secretary**

Christopher Unwin

### **Registered office**

6 Clinton Avenue  
Nottingham  
NG5 1AW

### **Auditor**

Anthon Marlow  
Chartered Certified Accountants & statutory  
auditor  
6 Clinton Avenue  
Nottingham  
NG5 1AW

### **Bankers**

Lloyds Bank PLC  
Market Square House  
Old Market Square  
Nottingham  
NG1 6FD

# **L.A.C Conveyor Systems Limited**

## **Strategic Report**

**Year ended 31 October 2022**

The directors present their strategic report for year ending 31st October 2022.

### **Business Review**

LAC has had another record breaking year with £27,727,159 sales resulting from the continued growth in the supply of intralogistics solutions, robotics and equipment into the logistics, manufacturing and food industries. The business has invested in a new leadership structure and continues to onboard talent from within the industry to unlock the planned next phase of growth.

The projects LAC are quoting and winning are increasing in value and size, in line with the strategy. The business processes are continuously improving to ensure risk is managed both commercially and technically.

Sales are being generated from a healthy balance of repeat business and new customers, which demonstrates that LAC are successfully implementing projects and also marketing within focus industries to drive new relationships. We have key accounts which we continue to nurture and our reputation is going from strength to strength. LAC carries forward a strong order book.

### **Principal Risks and Uncertainties**

The global supply chain challenges on lead time and availability of some components is starting to stabilise. LAC have mitigated risks by stocking some long lead items, where appropriate, and continually reviewing projects plans. As of yet, no major impacts have been seen.

Covid-19 poses no residual risks to the operation of the business. Good practices have been adopted and no further issues are expected.

LAC supply and purchase from the UK and mainland Europe, transacting in both EURO and GBP. Wherever possible we hedge against any fluctuations in exchange rate. LAC have good risk review strategies in place. Specific project risks are reviewed at both project level and board level. An appropriate authorisation matrix is in place to authorise purchases and all invoices are reviewed.

### **Key Performance Indicators**

The execution of the business is measured by key performance indicators. These are currently focussed on financial KPIs, although the business is now capturing data to measure operating performance and efficiency.

Sales: £27,727,159.

Gross Profit: £7,288,381.

Gross Profit % of Sales: 26.3%

Improved cash reserves of £5,962,507 have resulted in adequate net current assets of £8,702,765, this is an improvement of 38.2% on last year.

### **Environment, Quality and Health and Safety**

The company takes very seriously its environmental, quality and Health and Safety commitments. We have appointed a Head of Business Support who drives and promotes these topics in collaboration with the directors. We have a robust quality process and NCR (Non Conformance Report) system in place which is reviewed weekly and reported to the

# L.A.C Conveyor Systems Limited

## Strategic Report *(continued)*

Year ended 31 October 2022

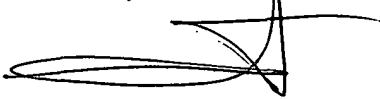
board of directors.

### Future Activities

The business will continue to focus on core sales activities within its targeted industry sectors. The food industry is expected to remain steady and possibly decline as changing skillsets in the business and challenging markets exist. This will be heavily mitigated by expected growth across all other sectors and key accounts.

LAC will continue growing and developing its people and are implementing a culture and values team. The business plans to implement additional KPIs as it drives for higher productivity, efficiency, quality and timeliness. Data capture is in place to start this process.

This report was approved by the board of directors on 10 July 2023 and signed on behalf of the board by:



Christopher Unwin  
Company Secretary

Registered office:  
6 Clinton Avenue  
Nottingham  
NG5 1AW

# **L.A.C Conveyor Systems Limited**

## **Directors' Report**

**Year ended 31 October 2022**

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

### **Directors**

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

Christopher Unwin

Roger Mackness

Gary Bale

Helen Pettit

Mike Hilton

Jonathon Wilton (Appointed 20 June 2022)

Joe Metcalfe (Appointed 20 June 2022)

### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

### **Disclosure of information in the strategic report**

The financial risk management objectives and policies of the the company are set out in the Strategic Report.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

# L.A.C Conveyor Systems Limited

## Directors' Report *(continued)*

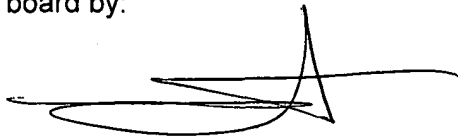
Year ended 31 October 2022

### Auditor

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

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

This report was approved by the board of directors on 10 July 2023 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'Christopher Unwin', written over a horizontal line.

Christopher Unwin  
Company Secretary

Registered office:  
6 Clinton Avenue  
Nottingham  
NG5 1AW

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited**

**Year ended 31 October 2022**

### **Opinion**

We have audited the financial statements of L.A.C Conveyor Systems Limited (the 'company') for the year ended 31 October 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for opinion**

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

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

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

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

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

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited** *(continued)*

**Year ended 31 October 2022**

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited** *(continued)*

**Year ended 31 October 2022**

### **Responsibilities of directors**

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

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

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited (continued)**

**Year ended 31 October 2022**

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited** *(continued)*

**Year ended 31 October 2022**

- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators, such as Health and Safety and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

# **L.A.C Conveyor Systems Limited**

## **Independent Auditor's Report to the Members of L.A.C Conveyor Systems Limited (continued)**

**Year ended 31 October 2022**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alistair Gerald Nicklin F.C.C.A. (Senior Statutory Auditor)

For and on behalf of  
Anthon Marlow  
Chartered Certified Accountants & statutory auditor  
6 Clinton Avenue  
Nottingham  
NG5 1AW

11 July 2023

**L.A.C Conveyor Systems Limited**  
**Statement of Income and Retained Earnings**  
**Year ended 31 October 2022**

	Note	2022 £	2021 £
<b>Turnover</b>	4	27,727,159	25,708,097
Cost of sales		20,438,778	19,309,446
<b>Gross profit</b>		<u>7,288,381</u>	<u>6,398,651</u>
Distribution costs		243,819	240,581
Administrative expenses		2,693,836	2,085,991
Other operating income	5	<u>–</u>	<u>68,105</u>
<b>Operating profit</b>	6	4,350,726	4,140,184
Other interest receivable and similar income	10	196	108
Interest payable and similar expenses	11	<u>–</u>	<u>6,207</u>
<b>Profit before taxation</b>		4,350,922	4,134,085
Tax on profit	12	<u>(35,606)</u>	<u>788,334</u>
<b>Profit for the financial year and total comprehensive income</b>		<u><u>4,386,528</u></u>	<u><u>3,345,751</u></u>
Dividends paid and payable	13	(2,000,000)	(3,000,000)
<b>Retained earnings at the start of the year</b>		<u>6,354,755</u>	<u>6,009,004</u>
<b>Retained earnings at the end of the year</b>		<u><u>8,741,283</u></u>	<u><u>6,354,755</u></u>

All the activities of the company are from continuing operations.

# L.A.C Conveyor Systems Limited

## Statement of Financial Position

31 October 2022

	Note	2022 £	£	2021 £
<b>Fixed assets</b>				
Tangible assets	14		51,490	69,042
<b>Current assets</b>				
Debtors	15	11,788,002		7,894,457
Cash at bank and in hand		5,962,507		4,347,998
		<u>17,750,509</u>		<u>12,242,455</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>9,047,744</u>		<u>5,943,684</u>
<b>Net current assets</b>			<u>8,702,765</u>	<u>6,298,771</u>
<b>Total assets less current liabilities</b>			<u>8,754,255</u>	<u>6,367,813</u>
<b>Provisions</b>				
Taxation including deferred tax	18		<u>12,872</u>	<u>12,958</u>
<b>Net assets</b>			<u><u>8,741,383</u></u>	<u><u>6,354,855</u></u>

The statement of financial position  
continues on the following page.

The notes on pages 16 to 25 form part of these financial statements.

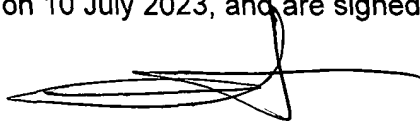
# L.A.C Conveyor Systems Limited

## Statement of Financial Position *(continued)*

31 October 2022

	Note	2022 £	£	2021 £
<b>Capital and reserves</b>				
Called up share capital	22		100	100
Profit and loss account			<u>8,741,283</u>	<u>6,354,755</u>
<b>Shareholders funds</b>			<u>8,741,383</u>	<u>6,354,855</u>

These financial statements were approved by the board of directors and authorised for issue on 10 July 2023, and are signed on behalf of the board by:



Christopher Unwin  
Director

Company registration number: 06365584

# L.A.C Conveyor Systems Limited

## Statement of Cash Flows

Year ended 31 October 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,386,528	3,345,751
<i>Adjustments for:</i>		
Depreciation of tangible assets	27,552	37,066
Government grant income	–	(68,105)
Other interest receivable and similar income	(196)	(108)
Interest payable and similar expenses	–	6,207
Gains on disposal of tangible assets	–	(2,986)
Tax on profit	(35,606)	788,334
Accrued expenses/(income)	3,679	(626,737)
<i>Changes in:</i>		
Trade and other debtors	(3,893,545)	(1,218,569)
Trade and other creditors	3,059,886	(1,560,705)
Cash generated from operations	3,548,298	700,148
Interest paid	–	(6,207)
Interest received	196	108
Tax received/(paid)	76,015	(641,096)
Net cash from operating activities	<u>3,624,509</u>	<u>52,953</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(10,000)	(10,815)
Proceeds from sale of tangible assets	–	21,762
Net cash (used in)/from investing activities	<u>(10,000)</u>	<u>10,947</u>
<b>Cash flows from financing activities</b>		
Government grant income	–	68,105
Payments of finance lease liabilities	–	(17,141)
Dividends paid	(2,000,000)	(3,000,000)
Net cash used in financing activities	<u>(2,000,000)</u>	<u>(2,949,036)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,614,509	(2,885,136)
<b>Cash and cash equivalents at beginning of year</b>	<u>4,347,998</u>	<u>7,233,134</u>
<b>Cash and cash equivalents at end of year</b>	<u>5,962,507</u>	<u>4,347,998</u>

The notes on pages 16 to 25 form part of these financial statements.

# **L.A.C Conveyor Systems Limited**

## **Notes to the Financial Statements**

**Year ended 31 October 2022**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 6 Clinton Avenue, Nottingham, NG5 1AW.

### **2. Statement of compliance**

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

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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

The recognition of revenue and profits on significant contracts rely on estimates by the directors in relation to forecast total costs of each contract and stage of completion. Contracts are reviewed on a regular basis throughout their life and amounts are re-estimated until the outcome of the contract is known.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets.

#### **Revenue recognition**

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

#### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 3. Accounting policies *(continued)*

#### Income tax *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences<sup>6</sup> at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

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

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### Depreciation

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

Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	33% straight line

#### Impairment of fixed assets

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

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

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 3. Accounting policies *(continued)*

#### Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

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

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Initial stage payments and payments received for future work have been accounted for in amounts due to customers on construction contracts in current liabilities.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 3. Accounting policies *(continued)*

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### Defined contribution plans

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

### 4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	27,727,159	25,708,097

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Other operating income

	2022	2021
	£	£
Government grant income	–	68,105
	<u>–</u>	<u>68,105</u>

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	27,552	37,066
Gains on disposal of tangible assets	–	(2,986)
Impairment of trade debtors	(751)	–
Operating lease rentals	61,341	82,902
Foreign exchange differences	(4,278)	(2,200)
	<u>(4,278)</u>	<u>(2,200)</u>

### 7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	16,000	17,000
	<u>16,000</u>	<u>17,000</u>

### 8. Staff costs

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

	2022	2021
	No.	No.
Production staff	65	73
Administrative staff	9	11
Management staff	7	5
	<u>81</u>	<u>89</u>

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

	2022	2021
	£	£
Wages and salaries	4,123,968	3,833,580
Social security costs	492,980	433,923
Other pension costs	190,825	159,000
	<u>4,807,773</u>	<u>4,426,503</u>

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 9. Directors' remuneration

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

	<b>2022</b>	2021
	£	£
Remuneration	1,092,469	642,463
Company contributions to defined contribution pension plans	<u>88,921</u>	<u>57,460</u>
	<u><u>1,181,390</u></u>	<u><u>699,923</u></u>

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

	<b>2022</b>	2021
	No.	No.
Defined contribution plans	<u>6</u>	<u>4</u>

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

	<b>2022</b>	2021
	£	£
Aggregate remuneration	369,367	201,726
Company contributions to defined contribution pension plans	<u>7,500</u>	<u>31,625</u>
	<u><u>376,867</u></u>	<u><u>233,351</u></u>

### 10. Other interest receivable and similar income

	<b>2022</b>	2021
	£	£
Interest on cash and cash equivalents	<u>196</u>	<u>108</u>

### 11. Interest payable and similar expenses

	<b>2022</b>	2021
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>—</u>	<u>6,207</u>

### 12. Tax on profit

#### Major components of tax (income)/expense

	<b>2022</b>	2021
	£	£
<b>Current tax:</b>		
UK current tax expense	833,782	793,287
Adjustments in respect of prior periods	<u>(869,302)</u>	<u>—</u>
Total current tax	<u><u>(35,520)</u></u>	<u><u>793,287</u></u>

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 12. Tax on profit *(continued)*

	2022 £	2021 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(86)	(4,953)
<b>Tax on profit</b>	<u>(35,606)</u>	<u>788,334</u>

### Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: the same as) the standard rate of corporation tax in the UK of 25% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	4,350,922	4,134,085
Profit on ordinary activities by rate of tax	833,696	788,334
Adjustment to tax charge in respect of prior periods	(869,302)	–
<b>Tax on profit</b>	<u>(35,606)</u>	<u>788,334</u>

### 13. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>2,000,000</u>	<u>3,000,000</u>

### 14. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 November 2021	45,732	49,645	48,079	118,026	261,482
Additions	10,000	–	–	–	10,000
<b>At 31 October 2022</b>	<u>55,732</u>	<u>49,645</u>	<u>48,079</u>	<u>118,026</u>	<u>271,482</u>
<b>Depreciation</b>					
At 1 November 2021	25,235	30,502	35,357	101,346	192,440
Charge for the year	6,098	3,830	3,181	14,443	27,552
<b>At 31 October 2022</b>	<u>31,333</u>	<u>34,332</u>	<u>38,538</u>	<u>115,789</u>	<u>219,992</u>
<b>Carrying amount</b>					
<b>At 31 October 2022</b>	<u>24,399</u>	<u>15,313</u>	<u>9,541</u>	<u>2,237</u>	<u>51,490</u>
At 31 October 2021	<u>20,497</u>	<u>19,143</u>	<u>12,722</u>	<u>16,680</u>	<u>69,042</u>

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 15. Debtors

	<b>2022</b>	<b>2021</b>
	£	£
Trade debtors	9,971,012	6,964,604
Prepayments and accrued income	35,122	22,924
Other debtors	1,781,868	906,929
	<u>11,788,002</u>	<u>7,894,457</u>

### 16. Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	£	£
Trade creditors	3,371,861	2,161,084
Accruals and deferred income	195,705	192,026
Corporation tax	833,782	793,287
Social security and other taxes	935,559	473,788
Amounts owed to customers on construction contracts	3,706,156	2,320,982
Other creditors - Pension	4,681	2,517
	<u>9,047,744</u>	<u>5,943,684</u>

### 17. Finance leases and hire purchase contracts

There are no finance leases outstanding at the year end.

### 18. Provisions

	<b>Deferred tax (note 19)</b>
	£
At 1 November 2021	12,958
Transfers	<u>(86)</u>
<b>At 31 October 2022</b>	<u><b>12,872</b></u>

The above transfer on Deferred Tax is to the Statement of Income account.

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 19. Deferred tax

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

	2022	2021
	£	£
Included in provisions (note 18)	12,872	12,958
	<u>12,872</u>	<u>12,958</u>

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

	2022	2021
	£	£
Accelerated capital allowances	12,872	12,958
	<u>12,872</u>	<u>12,958</u>

The movement within the deferred taxation account relates to a transfer to the Profit and Loss Account in respect of the accelerated capital allowances within the company.

### 20. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £101,904 (2021: £101,540).

The amount recognised in the profit and loss as an expense in relation to director defined contribution plans was £88,921 (2021 : £57,460).

### 21. Government grants

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

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	–	68,105
	<u>–</u>	<u>68,105</u>

### 22. Called up share capital

#### Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 23. Analysis of changes in net debt

	At 1 Nov 2021	Cash flows	At 31 Oct 2022
	£	£	£
Cash at bank and in hand	4,347,998	1,614,509	5,962,507
	<u>4,347,998</u>	<u>1,614,509</u>	<u>5,962,507</u>

# L.A.C Conveyor Systems Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 October 2022

### 24. Operating leases

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

	2022	2021
	£	£
Not later than 1 year	38,114	55,853
Later than 1 year and not later than 5 years	<u>2,553</u>	<u>44,417</u>
	<u>40,667</u>	<u>100,270</u>

### 25. Contingencies

L.A.C. Conveyor Systems Limited is currently involved in a dispute regarding the construction of a conveyor system. The dispute is progressing slowly and therefore no verifiable figures can be determined.

### 26. Related party transactions

The company is controlled by the directors.

Included in other debtors is an amount owed to the company for £35,000 by Mr G Bale, a director of the company.

Included in trade creditors are amounts owed by directors totalling £2,694 (2021 : £2,349). The transactions relate to business expenses which have been recognised in the accounts totalling £24,222.

During the year, the company bought goods totalling £2,176,927 from Holloway Control Systems Limited. A company which Mr C Unwin is a director. As at 31 October 2022 the amount outstanding to Holloway Control Systems Limited amounted to £474,524. (2021 : £226,812). The transactions were purchased on normal business terms. During the year, the company also sold goods totalling £51,161 to Holloway Control Systems Limited. As at 31 October 2022 the amount outstanding to Holloway Control Systems Limited amounted to £19,458. (2021 : £nil). The transactions were sold on normal business terms.

During the year, the company bought goods totalling £141,337 from Fastlok Manufacturing Limited. A company which Mr C Unwin is a director and shareholder. As at 31 October 2022 the amount outstanding to Fastlok Manufacturing Limited amounted to £15,133 (2021 : £338). The transactions were purchased on normal business terms. Included in other debtors is an amount outstanding to Fastlok Manufacturing Limited for £12,227 (2021 : £44,640). The amount is repayable on demand and interest free.

### 27. Controlling party

The company is a wholly owned subsidiary undertaking of Vale Manufacturing Limited, a company registered in England and Wales.