

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022
FOR
LOCHRIN BAIN LIMITED**

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FOR THE YEAR ENDED 31 JULY 2022

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LOCHRIN BAIN LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2022

DIRECTORS: H W Martin
K Martin
N C Faulconbridge
G D MacGregor

REGISTERED OFFICE: Lochrin Works
7 Limekilns Road
Blairlinn Industrial Estate
Cumbernauld
G67 2RN

REGISTERED NUMBER: SC181830 (Scotland)

INDEPENDENT AUDITOR: BDO LLP, statutory auditor
Two Snowhill
Birmingham
B4 6GA

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

The Directors present their report with the financial statements of Lochrin Bain Limited ("the Company") for the year-ended 31 July 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review were those of:

- the manufacture of steel galvanised palisade fencing systems;
- the manufacture of steel galvanised palisade and bespoke gates;
- the manufacture of woven mesh systems and gates; and
- the supply of materials for all types of perimeter systems.

The Company is part of the H W Martin Group of Companies ("the Group") headed by H W Martin Holdings Limited.

REVIEW OF BUSINESS

The Company's profit for the financial year is £453,022 (2021: £739,874 profit).

The Company's key financial and performance indicators for the year are:

1. Turnover maintained at a level over £4 million (2021: increased by 22% to £5.2 million);
2. Shareholders' funds increased by 7% to £2.9 million (2021: increased by 10% to £2.7 million)

The Company has performed well to continue to deliver sales above £4 million whilst maintaining an attractive net profit margin despite rising costs and a volatile steel market.

Lochrin Bain continues to invest in its product range and is the only UK manufacturer which includes palisade, welded mesh and woven mesh fencing systems in all security rated ranges of SR1, SR2 and SR3 with patents established to protect the intellectual property of these innovative products.

Substantial progress has been made in establishing the Company's products in new critical national infrastructure markets diversifying the client base and thereby mitigating market risk.

The policy of the Martin Group board of directors to authorise capital expenditure to take advantage of market opportunities and improve production efficiency will continue with high cash reserves purposefully maintained for further capital investment in the operating companies.

The Company continues to look at ways to improve its environmental performance and reduce the environmental impact of its activities and is committed to a management system conforming to the 14001 Environmental Standard.

FUTURE DEVELOPMENTS

The Company is stable and will continue to invest in its existing operations going forwards so as to maximise revenues, profits and cash flows.

DIRECTORS

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

H W Martin
K Martin
N C Faulconbridge
G D MacGregor

BREXIT RISK

The Directors are continuing to monitor the potential impact on its customers and suppliers, market access and possible effects on foreign currency exchange rates.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

GOING CONCERN

The Company funds both day-to-day operations and longer-term strategic development from its liquid resources, including working capital generated from operations. The Directors have considered the level of the liquid resources and the expected future profitability of both the Company and the wider Group, and are satisfied that, under anticipated trading conditions, there are sufficient available resources for the Company to meet its trading requirements through a period of at least 12 months from the date of signing these financial statements to 31 January 2024. For this reason, they have concluded that it is appropriate to use the going concern basis on presenting these financial statements.

COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The Directors have considered the reasonably plausible impact of the COVID-19 outbreak on the Company's trading and cash flows. The Directors consider the potential impact of COVID-19 to be minimal on the grounds of the Company's performance since the outbreak began and post year-end, the type of service they provide as a Company and the continued liquidity support of the Group.

ENGAGEMENT WITH EMPLOYEES

A policy of equal opportunity employment is followed at all times by the Company. During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

AUDITOR

The auditor, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

N C Faulconbridge - Director

13 January 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LOCHRIN BAIN LIMITED**

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Lochrin Bain Limited ("the Company") for the year ended 31 July 2022 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LOCHRIN BAIN LIMITED**

Other information (continued)

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

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 Report of the Directors.

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 Report of the Directors and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LOCHRIN BAIN LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

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:

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

- We made enquiries of management and the directors concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We corroborated our enquires through the review of board minutes.

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations for the Company are compliance with UK Accounting Standards, the Companies Act 2006, corporate taxes, VAT legislation, employment taxes and health and safety legislation.
- We discussed amongst the engagement team to assess how and where fraud might occur in the financial statements, any potential indicators of fraud and non-compliance with laws and regulation.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud and non-compliance with laws and regulations gained from the above work we designed and executed the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We obtained a complete population of all journals in the year and test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We also tested manual journals posted to revenue that were either material or fell outside of our expectations based on our understanding of the Company, agreeing them to supporting documentation to check that they were appropriate, correctly recorded and supported by appropriate evidence.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LOCHRIN BAIN LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

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.

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.

Gareth Singleton (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
Two Snowhill
Birmingham
B4 6GA

16 January 2023

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

**STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2022**

	Notes	2022 £	2021 £
TURNOVER		4,251,215	5,179,799
Cost of sales		<u>(3,005,573)</u>	<u>(3,547,612)</u>
GROSS PROFIT		1,245,642	1,632,187
Administrative expenses		<u>(675,419)</u>	<u>(709,716)</u>
		570,223	922,471
Other operating income		<u>2,506</u>	<u>2,506</u>
PROFIT BEFORE TAXATION	5	572,729	924,977
Tax on profit		<u>(119,707)</u>	<u>(185,103)</u>
PROFIT FOR THE FINANCIAL YEAR		453,022	739,874
Retained earnings at beginning of year		2,421,147	2,181,273
Dividends	7	<u>(250,000)</u>	<u>(500,000)</u>
RETAINED EARNINGS AT END OF YEAR		<u>2,624,169</u>	<u>2,421,147</u>

The notes form part of these financial statements

LOCHRIN BAIN LIMITED (REGISTERED NUMBER: SC181830)

STATEMENT OF FINANCIAL POSITION
31 JULY 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	8		487,484		548,726
CURRENT ASSETS					
Stocks		938,509		793,643	
Debtors: amounts falling due within one year	9	1,190,576		1,213,232	
Cash at bank		968,290		914,267	
		<u>3,097,375</u>		<u>2,921,142</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>601,353</u>		<u>692,515</u>	
NET CURRENT ASSETS			<u>2,496,022</u>		<u>2,228,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,983,506		2,777,353
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		(42,769)		(45,275)
PROVISIONS FOR LIABILITIES			(12,119)		(6,482)
NET ASSETS			<u>2,928,618</u>		<u>2,725,596</u>
CAPITAL AND RESERVES					
Called up share capital			128,336		128,336
Revaluation reserve	12		176,113		176,113
Retained earnings			2,624,169		2,421,147
SHAREHOLDERS' FUNDS			<u>2,928,618</u>		<u>2,725,596</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 13 January 2023 and were signed on its behalf by:

N C Faulconbridge - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

1. **STATUTORY INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The Company funds both day-to-day operations and longer-term strategic development from its liquid resources, including working capital generated from operations. The Directors have considered the level of the liquid resources and the expected future profitability of both the Company and the wider Group, and are satisfied that, under anticipated trading conditions, there are sufficient available resources for the Company to meet its trading requirements through a period of at least 12 months from the date of signing these financial statements to 31 January 2024. For this reason, they have concluded that it is appropriate to use the going concern basis on presenting these financial statements.

Turnover

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

i. Sale of goods

The Company designs, manufactures and sells a comprehensive range of perimeter systems and gates. The Company also sells spare parts for these goods. Sale of goods are recognised on delivery to the customer. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Standard warranties are often provided in conjunction with the sale of goods and relate to the condition of the item sold at the date of sale. These warranties are not separable from the sale of goods. The full consideration received is recognised as turnover on the sale, and a provision is recognised for the expected future cost to be incurred relating to the warranty.

ii. Sale of services

Turnover is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives. Depreciation is provided on the following basis:

Freehold property	2% straight line
Plant & machinery	20% reducing balance
Motor vehicles	20% straight line
Computer equipment	15% reducing balance

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

The carrying amount of any replacement component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expenses as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

Impairment of non-financial assets

At each statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit ("CGU")) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's CGU) is compared to the carrying value of the asset (or asset's CGU).

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is based on the cost of purchase on a first in, first out basis. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of work-in-progress and finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Income and Retained Earnings.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions repayable without penalty on notice of not more than 24 hours, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of basic financial assets and liabilities. The Company has chosen to adopt the Section 11 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Retained Earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Income and Retained Earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished (i.e. when the contractual obligation is discharged, cancelled or expires).

iii. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

i. Functional and presentational currency

The Company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

The company operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations. Contributions payable to the company's pension scheme are charged to the Statement of Income and Retained Earnings in the period to which they relate. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved by the Company's shareholders. These amounts are recognised in retained earnings.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Preparation of the financial statements did not require management to make any significant judgements or estimates.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 14 (2021 - 17).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

5. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	61,242	67,292
Profit on disposal of fixed assets	-	(1,500)
Pension costs	<u>14,708</u>	<u>19,123</u>

6. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	3,125	3,000
Taxation compliance services	<u>750</u>	<u>1,500</u>

7. DIVIDENDS

	2022	2021
	£	£
Ordinary shares of £1 each		
Final	249,998	499,996
Ordinary A share of £1		
Final	<u>2</u>	<u>4</u>
	<u>250,000</u>	<u>500,000</u>

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 August 2021 and 31 July 2022	<u>400,237</u>	<u>940,578</u>	<u>28,545</u>	<u>92,635</u>	<u>1,461,995</u>
Depreciation					
At 1 August 2021	141,283	688,376	1,428	82,182	913,269
Charge for year	8,004	46,064	5,709	1,465	61,242
At 31 July 2022	<u>149,287</u>	<u>734,440</u>	<u>7,137</u>	<u>83,647</u>	<u>974,511</u>
Net book value					
At 31 July 2022	<u>250,950</u>	<u>206,138</u>	<u>21,408</u>	<u>8,988</u>	<u>487,484</u>
At 31 July 2021	<u>258,954</u>	<u>252,202</u>	<u>27,117</u>	<u>10,453</u>	<u>548,726</u>

The freehold property is carried at cost, which is the deemed cost at the date of adoption of FRS 102. The Directors are unable to establish the exact split between cost and a previous revaluation from the year 2000, as the records are not available from the previous owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	769,552	777,014
Amounts owed by group undertakings	373,787	374,286
Other debtors	1,282	-
VAT	268	47
Prepayments and accrued income	45,687	61,885
	<u>1,190,576</u>	<u>1,213,232</u>

Amounts owed by group undertakings are interest free and repayable on demand.

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	505,200	593,454
Amounts owed to group undertakings	12,086	762
Social security and other taxes	7,791	8,164
Accruals and deferred income	76,276	90,135
	<u>601,353</u>	<u>692,515</u>

Amounts owed to group undertakings are interest free and repayable on demand.

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Deferred government grants	<u>42,769</u>	<u>45,275</u>

12. **RESERVES**

	Revaluation reserve £
At 1 August 2021 and 31 July 2022	<u>176,113</u>

13. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

14. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is H W Martin Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by H W Martin Holdings Limited, which is incorporated in England and Wales.

Consolidated financial statements can be obtained from H W Martin Holdings Limited, Fordbridge Lane, Blackwell, Alfreton, Derbyshire, DE55 5JY .

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.