

PUBLISHED

REGISTERED NUMBER: 02683286 (England and Wales)

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OMEGA SIGNS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

Thomas Coombs Limited
Statutory Auditor
Chartered Accountants
3365 The Pentagon
Century Way
Thorpe Park
Leeds
West Yorkshire
LS15 8ZB

FRIDAY



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29/09/2023
COMPANIES HOUSE

OMEGA SIGNS LIMITED (REGISTERED NUMBER: 02683286)

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FOR THE YEAR ENDED 31ST DECEMBER 2022**

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OMEGA SIGNS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2022**

DIRECTORS: Mrs. M A Chapman
A P Stirling
D J Chapman
M R Timmermans
B Dennehy
C Norfolk
L Whale

SECRETARY: A P Stirling

REGISTERED OFFICE: Newmarket Approach
Leeds
LS9 0RJ

REGISTERED NUMBER: 02683286 (England and Wales)

AUDITORS: Thomas Coombs Limited
Statutory Auditor
Chartered Accountants
3365 The Pentagon
Century Way
Thorpe Park
Leeds
West Yorkshire
LS15 8ZB

BANKERS: HSBC Bank Plc
7 Prospect Crescent
Harrogate
North Yorkshire
HG1 1RN

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

The Directors report the financial results for our year ending 31st December 2022.

The beginning of 2022 was difficult time for the world economy. The war in the Ukraine resulted in energy supply issues and increasing energy prices. This and several other factors such as post covid material supply chains struggling to rebuild themselves meant that material availability was limited and this had a resulting impact on material prices within the construction industry. In turn this had a knock on effect to our customers new build and refurbishment programmes. Many customers could not either obtain building materials or could not justify the increased cost and so many programmes were put back into 2023 until the situation stabilised. The impact for our business was an unexpected fall in turnover for the year although we are pleased to report that these programmes are now underway in 2023. Despite the drop in turnover, we achieved an increased GP to 33.4% (2021 31%) and this helped return a surplus for the year.

As part of ongoing strategic plans, streamlining and growth of the business, the decision was taken to purchase shares from a retiring Director and shareholder. Part of this process involved revaluation of the assets at current market rates. The purchase was achieved by refinancing parts of the business with the resulting effect being a consolidation of shareholding but obviously a corresponding impact on the balance sheet. Despite this, the resulting balance sheet remains strong and is now strengthening further.

Alongside our valued long-term customers, we have secured a number of new contracts for 2023. At the time of writing, 2023 sales are positive and in line with budget which should see a 40% to 50% increase on 2022 sales. GP continues to improve and overheads are closely monitored and kept in line with budget. The Directors continue to expertly manage the business and are confident of a strong performance in 2023.

The latter statement is a testament to the restructure, refocus and efficient systems put in place during the last 2 years, the benefits of which are now starting to show their full potential. The business continues to focus on markets where we see strong future growth potential.

We continue to invest in the business and our people to ensure efficiency whilst maintaining our industry leading levels of quality and service. A large part of future business investment is in research and development of new products and technologies. This strategy continues to help us win new long-term contracts and this provides a solid base for future long-term growth. The business retains its inherent strength with a flexible and wide-ranging skill base.

Once again, we must acknowledge the extraordinary efforts our employees have made this year. They have once again stepped up to the challenges set and have surpassed all expectations. Our sincere thanks and appreciation goes out to them all.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

Price risk

The company mainly uses short term matched contracts with suppliers and customers to manage its exposure to variation in market prices. There are a small number of long term contracts with customers where the majority of costs are incurred at an early stage minimizing the inherent risk in them.

Exchange rates

The company uses a combination of spot purchases and forward contracts to manage its exchange rate risk.

Credit risk

The company mainly trades with long standing customers. The nature of these relationships assists management on controlling credit risk in addition to normal credit management process.

Liquidity risk

Management control and monitor the company's cash flow on a regular basis including forecasting future cash values.

ON BEHALF OF THE BOARD:



A P Stirling - Director

5th September 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

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

PRINCIPAL ACTIVITY

Design, manufacture and installation of signage.

DIVIDENDS

The total distribution of dividends for the period ended 31st December 2022 was £65,469 (2021: £Nil)

RESEARCH AND DEVELOPMENT

Research and development costs of £Nil (2021: £745,865) were incurred during the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2022 to the date of this report.

Mrs. M A Chapman
A P Stirling
D J Chapman
M R Timmermans
B Dennehy
C Norfolk

Other changes in directors holding office are as follows:

A R Timmermans - resigned 28th February 2022

L Whale was appointed as a director after 31st December 2022 but prior to the date of this report.

P Gains ceased to be a director after 31st December 2022 but prior to the date of this report.

FINANCIAL INSTRUMENTS

The company's financial statements comprise of borrowings such as secured loans, advance receipts in respect of the ordinary activities of the company, cash and liquid resources, finance leases and various other items such as trade debtors and trade creditors that also arise directly from its operations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

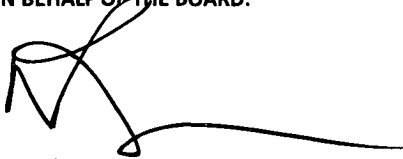
OMEGA SIGNS LIMITED (REGISTERED NUMBER: 02683286)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

AUDITORS

The auditors, Thomas Coombs Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

A P Stirling - Director

5th September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OMEGA SIGNS LIMITED

Opinion

We have audited the financial statements of Omega Signs Limited (the 'company') for the year ended 31st December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
OMEGA SIGNS LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OMEGA SIGNS LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

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 entity and industries in which it operates, we identified the principal risks of non-compliance with laws and regulations related to health and safety and employment law. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, tax legislation and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls, and ensuring these controls operated as intended. We determined the principal risks were related to posting journal entries to manipulate profits, and management bias in accounting estimates, especially accruals and depreciation.

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

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Identified and tested journal entries and identified any significant transactions that were unusual or outside the normal course of business.
- Investigated the rationale behind significant or unusual transactions.
- Challenged assumptions and judgements made by management in determining significant accounting estimates, in particular in relation to accruals and depreciation.

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

- Agreeing financial statements disclosures to underlying supporting documentation.
- Discussions with management of known or suspected instances of non-compliance with laws and regulations.
- Reading the minutes of meetings of those charged with governance.
- Reviewing correspondence with HMRC, relevant regulators including the company's legal advisors.

At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance of laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement relating to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
OMEGA SIGNS LIMITED**

Use of our report

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



Stuart Adam FCA (Senior Statutory Auditor)
for and on behalf of Thomas Coombs Limited
Statutory Auditor
Chartered Accountants
3365 The Pentagon
Century Way
Thorpe Park
Leeds
West Yorkshire
LS15 8ZB

5th September 2023

OMEGA SIGNS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER		8,513,407	11,318,105
Cost of sales		<u>5,667,673</u>	<u>7,805,147</u>
GROSS PROFIT		2,845,734	3,512,958
Administrative expenses		<u>3,384,537</u>	<u>3,376,414</u>
		(538,803)	136,544
Other operating income		<u>227</u>	<u>86,732</u>
OPERATING (LOSS)/PROFIT	4	(538,576)	223,276
Gain/loss on revaluation of assets		<u>641,180</u>	<u>-</u>
		102,604	223,276
Interest payable and similar expenses	5	<u>36,797</u>	<u>6,637</u>
PROFIT BEFORE TAXATION		65,807	216,639
Tax on profit	6	<u>(103,981)</u>	<u>(116,303)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>169,788</u>	<u>332,942</u>
OTHER COMPREHENSIVE INCOME			
Purchase of own shares		(618,900)	-
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(618,900)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>169,788</u>	<u>332,942</u>

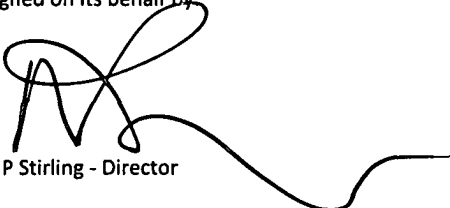
The notes form part of these financial statements

OMEGA SIGNS LIMITED (REGISTERED NUMBER: 02683286)

BALANCE SHEET
31ST DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,042,265		360,136
Investments	9		<u>10,000</u>		<u>10,000</u>
			1,052,265		370,136
CURRENT ASSETS					
Stocks	10	1,141,624		821,718	
Debtors	11	2,673,683		4,580,339	
Cash at bank		<u>208,511</u>		<u>40,978</u>	
		4,023,818		5,443,035	
CREDITORS					
Amounts falling due within one year	12	<u>2,391,347</u>		<u>2,939,996</u>	
NET CURRENT ASSETS			<u>1,632,471</u>		<u>2,503,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,684,736		2,873,175
CREDITORS					
Amounts falling due after more than one year	13		(497,768)		(101,247)
PROVISIONS FOR LIABILITIES	17		<u>-</u>		<u>(64,279)</u>
NET ASSETS			<u>2,186,968</u>		<u>2,707,649</u>
CAPITAL AND RESERVES					
Called up share capital	18		24,300		30,400
Revaluation reserve	19		641,180		-
Capital redemption reserve	19		6,100		-
Retained earnings	19		<u>1,515,388</u>		<u>2,677,249</u>
SHAREHOLDERS' FUNDS			<u>2,186,968</u>		<u>2,707,649</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5th September 2023 and were signed on its behalf by:


A P Stirling - Director

The notes form part of these financial statements

OMEGA SIGNS LIMITED (REGISTERED NUMBER: 02683286)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1st January 2021	30,400	2,344,307	-	-	2,374,707
Changes in equity					
Total comprehensive income	-	332,942	-	-	332,942
Balance at 31st December 2021	<u>30,400</u>	<u>2,677,249</u>	<u>-</u>	<u>-</u>	<u>2,707,649</u>
Changes in equity					
Issue of share capital	(6,100)	-	-	-	(6,100)
Dividends	-	(65,469)	-	-	(65,469)
Total comprehensive income	-	(1,096,392)	641,180	6,100	(449,112)
Balance at 31st December 2022	<u>24,300</u>	<u>1,515,388</u>	<u>641,180</u>	<u>6,100</u>	<u>2,186,968</u>

The notes form part of these financial statements

OMEGA SIGNS LIMITED (REGISTERED NUMBER: 02683286)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	424,249	(431,656)
Interest paid		(33,422)	(4,422)
Interest element of hire purchase payments paid		(3,375)	(2,215)
Government grants		-	86,750
Taxation refund		<u>124,536</u>	<u>125,344</u>
Net cash from operating activities		<u>511,988</u>	<u>(226,199)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(91,215)	(29,884)
Sale of tangible fixed assets		-	<u>10,843</u>
Net cash from investing activities		<u>(91,215)</u>	<u>(19,041)</u>
Cash flows from financing activities			
New loans in year		562,500	-
Loan repayments in year		(78,125)	-
HP repayments in the year		(47,146)	(93,747)
Share buyback		(625,000)	-
Equity dividends paid		<u>(65,469)</u>	-
Net cash from financing activities		<u>(253,240)</u>	<u>(93,747)</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>40,978</u>	<u>379,965</u>
Cash and cash equivalents at end of year	2	<u>208,511</u>	<u>40,978</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
	2022	2021
	£	£
Profit before taxation	65,807	216,639
Depreciation charges	119,397	125,244
Loss on disposal of fixed assets	1,639	716
Gain on revaluation of fixed assets	(641,180)	-
Government grants	-	(86,750)
Finance costs	<u>36,797</u>	<u>6,637</u>
	(417,540)	262,486
Increase in stocks	(319,906)	(89,612)
Decrease/(increase) in trade and other debtors	1,821,822	(533,983)
Decrease in trade and other creditors	<u>(660,127)</u>	<u>(70,547)</u>
Cash generated from operations	<u>424,249</u>	<u>(431,656)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>208,511</u>	<u>40,978</u>

Year ended 31st December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>40,978</u>	<u>379,965</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/22	Cash flow	Other non-cash changes	At 31/12/22
	£	£	£	£
Net cash				
Cash at bank	<u>40,978</u>	<u>167,533</u>		<u>208,511</u>
	<u>40,978</u>	<u>167,533</u>		<u>208,511</u>
Debt				
Finance leases	(146,246)	47,146	(70,770)	(169,870)
Debts falling due within 1 year	-	(93,786)	-	(93,786)
Debts falling due after 1 year	-	(390,589)	-	(390,589)
	<u>(146,246)</u>	<u>(437,229)</u>	<u>(70,770)</u>	<u>(654,245)</u>
Total	<u>(105,268)</u>	<u>(269,696)</u>	<u>(70,770)</u>	<u>(445,734)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements have been prepared on a going concern basis. The directors have considered how the company will meet the challenge presented by the current economic climate and have carried out a detailed review of the company's resources including the adequacy of working capital for the next twelve months. The directors are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

Turnover

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

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided to write off the cost less the estimated residual of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold	- 5% on cost
Plant and machinery, fixtures and fittings, computer equipment, motor vehicles	25%-33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

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

Debtors and creditors receivable/payable within one year

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

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,051,115	2,942,986
Other pension costs	<u>172,861</u>	<u>177,000</u>
	<u><u>3,223,976</u></u>	<u><u>3,119,986</u></u>

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

	2022	2021
Management	6	7
Administration	<u>71</u>	<u>71</u>
	<u><u>77</u></u>	<u><u>78</u></u>

	2022	2021
	£	£
Directors' remuneration	<u><u>516,364</u></u>	<u><u>645,878</u></u>

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

Money purchase schemes	<u><u>6</u></u>	<u><u>6</u></u>
------------------------	-----------------	-----------------

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u><u>107,263</u></u>	<u><u>151,520</u></u>

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

4. OPERATING PROFIT

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

	2022	2021
	£	£
Other operating leases	130,000	130,000
Depreciation - owned assets	69,569	88,532
Depreciation - assets on hire purchase contracts	49,828	36,712
Loss on disposal of fixed assets	1,639	716
Auditors' remuneration	12,900	11,700
Foreign exchange differences	<u>(227)</u>	<u>18</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	33,422	4,422
Hire purchase	<u>3,375</u>	<u>2,215</u>
	<u>36,797</u>	<u>6,637</u>

6. TAXATION

Analysis of the tax credit

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	-	(130,250)
Prior year tax over provision	<u>5,714</u>	<u>(17,819)</u>
Total current tax	5,714	(148,069)
Deferred tax	<u>(109,695)</u>	<u>31,766</u>
Tax on profit	<u>(103,981)</u>	<u>(116,303)</u>

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

6. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

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

	2022 £	2021 £
Profit before tax	<u>65,807</u>	<u>216,639</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	12,503	41,161
Effects of:		
Expenses not deductible for tax purposes	6,984	2,603
Adjustments to tax charge in respect of previous periods year tax debtor	5,714	(17,819)
Enhanced reliefs	-	(184,228)
Effect of changes in tax rate differences	(14,971)	40,422
Super deduction claimed	(8,196)	(2,132)
Depreciation of non qualifying assets	385	3,690
Revaluation of tangible assets	<u>(106,400)</u>	-
Total tax credit	<u>(103,981)</u>	<u>(116,303)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2022 Tax £	Net £
Purchase of own shares	<u>(618,900)</u>	<u>-</u>	<u>(618,900)</u>

7. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Interim	<u>65,469</u>	<u>-</u>

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

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1st January 2022	553,172	707,896	396,187	20,800	1,678,055
Additions	21,425	87,423	33,642	19,495	161,985
Disposals	-	-	(1,696)	-	(1,696)
Revaluations	<u>6,828</u>	<u>(168,245)</u>	<u>-</u>	<u>-</u>	<u>(161,417)</u>
At 31st December 2022	<u>581,425</u>	<u>627,074</u>	<u>428,133</u>	<u>40,295</u>	<u>1,676,927</u>
DEPRECIATION					
At 1st January 2022	553,172	441,634	322,246	867	1,317,919
Charge for year	2,024	75,680	33,244	8,449	119,397
Eliminated on disposal	-	-	(57)	-	(57)
Revaluation adjustments	<u>(553,172)</u>	<u>(249,425)</u>	<u>-</u>	<u>-</u>	<u>(802,597)</u>
At 31st December 2022	<u>2,024</u>	<u>267,889</u>	<u>355,433</u>	<u>9,316</u>	<u>634,662</u>
NET BOOK VALUE					
At 31st December 2022	<u>579,401</u>	<u>359,185</u>	<u>72,700</u>	<u>30,979</u>	<u>1,042,265</u>
At 31st December 2021	<u>-</u>	<u>266,262</u>	<u>73,941</u>	<u>19,933</u>	<u>360,136</u>

During the year ended 31st December 2022 short leasehold property was restated at fair value based on valuations by Dove Haigh Phillips LLP. If short leasehold property were still carried under the cost model its carrying amount would be £19,401 at 31st December 2022.

During the year ended 31st December 2022 plant and machinery was restated at fair value based on assessments made by the directors. If plant and machinery were still carried under the cost model its carrying amount would be £278,005 at 31st December 2022.

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1st January 2022 and 31st December 2022	<u>10,000</u>
NET BOOK VALUE	
At 31st December 2022	<u>10,000</u>
At 31st December 2021	<u>10,000</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Mydaton Limited

Registered office: Newmarket Approach, Leeds, LS9 0RJ

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

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

10. STOCKS	2022	2021
	£	£
Raw materials	473,425	455,616
Work-in-progress	228,895	139,416
Finished goods	439,304	226,686
	<u>1,141,624</u>	<u>821,718</u>
11. DEBTORS	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,410,310	4,221,691
Amounts recoverable on contract	41,682	59,458
Other debtors	10,000	10,201
Tax	7,475	137,725
Deferred tax asset	45,416	-
Prepayments and accrued income	135,800	128,264
	<u>2,650,683</u>	<u>4,557,339</u>
Amounts falling due after more than one year:		
Directors' loan accounts	23,000	23,000
Aggregate amounts	<u>2,673,683</u>	<u>4,580,339</u>
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2022	2021
	£	£
Bank loans and overdrafts (see note 14)	93,786	-
Hire purchase contracts (see note 15)	62,691	44,999
Trade creditors	1,380,274	1,973,962
Social security and other taxes	64,306	70,811
VAT	369,536	525,291
Other creditors	10,000	11,500
Accruals and deferred income	410,754	313,433
	<u>2,391,347</u>	<u>2,939,996</u>
13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2022	2021
	£	£
Bank loans (see note 14)	390,589	-
Hire purchase contracts (see note 15)	107,179	101,247
	<u>497,768</u>	<u>101,247</u>

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

14. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	<u>93,786</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>93,786</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>296,803</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	Hire purchase contracts	
	2022 £	2021 £
Net obligations repayable:		
Within one year	62,691	44,999
Between one and five years	<u>107,179</u>	<u>101,247</u>
	<u>169,870</u>	<u>146,246</u>

Non-cancellable operating leases

	Land and Buildings 2022 £	Other 2022 £	Land and Buildings 2021 £	Other 2021 £
Within one year	130,000	31,386	130,000	4,357
Between one and five years	520,000	1,773	520,000	63,278
In more than five years	<u>1,820,000</u>	<u>-</u>	<u>1,950,000</u>	<u>-</u>
	<u>2,470,000</u>	<u>33,159</u>	<u>2,600,000</u>	<u>67,635</u>

On the 3rd January 2023, the company entered into a new lease for the short leasehold property. The lease has annual rent of £130,000 and a break date on the 31st December 2027.

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

16. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021 £
Bank loans	484,375	-
Hire purchase contracts	<u>169,870</u>	<u>146,246</u>
	<u>654,245</u>	<u>146,246</u>

Security on the hire purchase contracts is held on the assets they relate to.

Security on the bank loan is in the form of a fixed and floating charge over the assets of the company.

17. PROVISIONS FOR LIABILITIES

	2021 £
Deferred tax	<u>64,279</u>
	Deferred tax £
Balance at 1st January 2022	64,279
Provided during year	<u>(109,695)</u>
Balance at 31st December 2022	<u>(45,416)</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2022	2021
Number:	Class:	value:	£	£
24,000	Ordinary	£1	24,000	30,000
300	Ordinary A - E	£1	<u>300</u>	<u>400</u>
			<u>24,300</u>	<u>30,400</u>

The A - E Ordinary shares have no voting rights.

19. RESERVES

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st January 2022	2,677,249	-	-	2,677,249
Profit for the year	169,788			169,788
Dividends	(65,469)			(65,469)
Purchase of own shares	(625,000)	-	6,100	(618,900)
Revaluation transfer	<u>(641,180)</u>	<u>641,180</u>	-	-
At 31st December 2022	<u>1,515,388</u>	<u>641,180</u>	<u>6,100</u>	<u>2,162,668</u>

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

20. CONTINGENT LIABILITIES

On 2nd November 1992 the company entered into an agreement with HSBC Bank plc. HSBC Bank plc holds a fixed and floating charge over the assets of the company.

On 24th October 2003 the company entered into an agreement with HSBC Bank plc. HSBC Bank plc holds a debenture including a fixed charge over the leasehold property.

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31st December 2022 and 31st December 2021:

	2022	2021
	£	£
D J Chapman		
Balance outstanding at start of year	15,000	15,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>15,000</u>	<u>15,000</u>
M R Timmermans		
Balance outstanding at start of year	8,000	8,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>8,000</u>	<u>8,000</u>

22. RELATED PARTY DISCLOSURES

Luxford Trust and M N Chapman 2006/1-4 Trusts

Trusts in which some of the directors are trustees.

During the year the company paid rent under a 20 year lease to these trusts of £130,000 (2021: £130,000).

23. CONTROLLING PARTY

In the opinion of the directors, the company is controlled by members of the Timmermans and Chapman families and related family trusts.