REGISTERED NUMBER: 02539463 (England and Wales)

Merlin Diesel Systems Limited

Strategic Report, Report of the Directors and

Audited Financial Statements

for the Year Ended 31 July 2024

Merlin Diesel Systems Limited (Registered number: 02539463)

Contents of the Financial Statements
for the year ended 31 July 2024

Merlin Diesel Systems Limited

Company Information
for the year ended 31 July 2024

DIRECTORS:	LK Bramley S Bramley M Rawlinson MF Brown DJ Henry AT Ashcroft AG James JE Morley LR Brown
SECRETARY:	EL Bramley
REGISTERED OFFICE:	189/191 Bradkirk Place Walton Summit PRESTON Lancashire PR5 8AJ
REGISTERED NUMBER:	02539463 (England and Wales)
AUDITORS:	McMillan & Co LLP Chartered Accountants and Statutory Auditor 28 Eaton Avenue Matrix Office Park Buckshaw Village Chorley Lancashire PR7 7NA

Merlin Diesel Systems Limited (Registered number: 02539463)

Strategic Report
for the year ended 31 July 2024

The directors present their strategic report for the year ended 31 July 2024.

The company is a member of the Merlin Diesel Holdings Limited group of companies and the Group manages its operations on a divisional basis and for a further understanding of the business as a whole reference should be made to the consolidated financial statements and the group's strategic report.

REVIEW OF BUSINESS
Merlin Diesel Systems Limited is a company dedicated to the supply of parts and servicing of fuel systems for diesel engines. In addition the company manufactures the machinery necessary for servicing and testing fuel systems for all diesel engines including large marine engines and generators.

The company recorded sales in the year ended 31 July 2024 of £69.0m, an increase of 9.5% on the sales achieved in 2023 of £63.0m. Despite the strengthening of Sterling against the Euro, the company's products continue to be attractive to the European market, in addition to the domestic market..

The gross margin percentage decreased slightly to 24.0% (2023: 25.5%). The increased activity flowed through to create profit before taxation of £6.9m (2023: £6.5m).

The company continued to invest in stock holding during the year and the closing net stock balance was £30.0m (2023: £28.0m).

At 31 July 2024 the net assets were £29.6m (2023: £25.5m).

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties facing the company relate to:
- Maintaining margins and cash management.
- Maintaining a quality stockholding.
- Impact of trading resulting from the Ukraine conflict.
- Liquidity risk and annual renewal of overdraft facility.
- Adverse exchange rate movements.

KEY PERFORMANCE INDICATORS

	2024	2023
Gross profit margins (gross profit/turnover)	**24.0%**	25.5%
Net stockholding	**£30.0m**	£28.0m
Stock turn (stock/cost of sales x 365 days)	**209 days**	218 days

Strategic Report
for the year ended 31 July 2024

SECTION 172(1) STATEMENT
Introduction
As directors we are committed to promoting the success of the company for the benefit of the Company as a whole. In doing so, we have regard to the matters set out in Section 172(1) of the Companies Act 2006.

Long-Term Decision Making
We consider the likely consequences of our decisions in the long term. This includes evaluating the sustainability of our business model, investing in innovation, and ensuring that our strategic plans align with our long-term goals.

Employee Interests
Our employees are our most valuable asset. We strive to create a positive working environment, offer opportunities for professional development, and ensure fair treatment and equal opportunities for all.

The board address the employees in forums to update them on the company's performance and to enable employees to put forward comments and feedback together with any suggestions for change.

Business Relationships
Under S172 of the Companies Act 2006 the directors have a duty to act in good faith in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the Company's employees, the need to foster relationships with suppliers, customers, and other stakeholders, the impact on the community and the environment, maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company.

Regular supply meetings take place where any feedback on quality, delivery and payment times can be discussed openly and honestly.

Community and Environment
We are committed to minimizing our environmental impact and contributing positively to the communities in which we operate. This includes implementing sustainable practices and supporting local initiatives or charities for example wherever possible.

High Standards of Business Conduct
Maintaining a reputation for high standards of business conduct is crucial to our success. We adhere to ethical practices, comply with all relevant regulations, and promote a culture of integrity within the Company.

Conclusion
The directors are dedicated to promoting the success of the Company while considering the broader impact of our actions on employees, business partners, th e community, and the environment.

Merlin Diesel Systems Limited (Registered number: 02539463)

Strategic Report
for the year ended 31 July 2024

ENERGY AND EMISSIONS REPORT
In the year we consumed the following energy in the support of the trade.

	2024	2023
UK energy use kWh	886,491	827,649
Associated greenhouse gas emissions - tonnes of CO2 equivalent	183.56	171.38
Intensity ratio emissions per £million turnover	2.66	2.72

UK energy use covers gas and electricity at our warehouse. Associated greenhouse gases have been calculated using the methodology set out in "2023 Government Greenhouse Gas Conversion Factors for Company Reporting".

ON BEHALF OF THE BOARD:

LK Bramley - Director

30 January 2025

Report of the Directors
for the year ended 31 July 2024

The directors present their report with the financial statements of the company for the year ended 31 July 2024.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of suppliers of diesel fuel injection parts and equipment and manufacturing of diesel fuel test equipment.

DIVIDENDS
A dividend of £1,157,222 was paid in the year (2023: £1,193,196).

FUTURE DEVELOPMENTS
The company is totally dedicated to maintaining a high quality service, with the right machinery and the necessary highly skilled engineers.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 August 2023 to the date of this report.

LK Bramley
S Bramley
M Rawlinson
MF Brown
DJ Henry
AT Ashcroft
AG James
JE Morley

Other changes in directors holding office are as follows:

K Bramley (deceased) - deceased 13 October 2023
LR Brown - appointed 2 January 2024

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Report of the Directors
for the year ended 31 July 2024

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 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 auditors are aware of that information.

ON BEHALF OF THE BOARD:

LK Bramley - Director

30 January 2025

Report of the Independent Auditors to the Members of Merlin Diesel Systems Limited

Opinion

We have audited the financial statements of Merlin Diesel Systems Limited (the 'company') for the year ended 31 July 2024 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2024 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 Merlin Diesel Systems 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 five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 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 and 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; and
- 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; and
- tested journal entries to identify 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; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, 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.

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.

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.

Andrea Gerring FCA (Senior Statutory Auditor)
for and on behalf of McMillan & Co LLP
Chartered Accountants and
Statutory Auditor

30 January 2025

Merlin Diesel Systems Limited (Registered number: 02539463)

Income Statement
for the year ended 31 July 2024

	Notes	2024 £	2024 £	2023 £	2023 £
TURNOVER	3		**69,031,044**		63,026,958
Cost of sales			**52,454,040**		46,978,176
GROSS PROFIT			**16,577,004**		16,048,782
Distribution costs		**6,980,093**		6,805,392	
Administrative expenses		**2,753,587**		2,745,195	
			9,733,680		9,550,587
			6,843,324		6,498,195
Other operating income			**-**		4,000
OPERATING PROFIT	5		**6,843,324**		6,502,195
Interest receivable and similar income			**38,729**		19,034
			6,882,053		6,521,229
Interest payable and similar expenses	6		**17,234**		46,613
PROFIT BEFORE TAXATION			**6,864,819**		6,474,616
Tax on profit	7		**1,595,301**		1,170,105
PROFIT FOR THE FINANCIAL YEAR			**5,269,518**		5,304,511

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 July 2024

	Notes	2024 £	2023 £
PROFIT FOR THE YEAR		**5,269,518**	5,304,511
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,269,518**	5,304,511

The notes form part of these financial statements

Merlin Diesel Systems Limited (Registered number: 02539463)

Balance Sheet
31 July 2024

	Notes	£	2024 £	£	2023 £
FIXED ASSETS					
Tangible assets	9		**1,691,840**		1,736,802
CURRENT ASSETS					
Stocks	10	**30,011,305**		28,041,178	
Debtors	11	**11,540,348**		8,869,331	
Cash at bank and in hand		**1,006,365**		206,133	
		42,558,018		37,116,642	
CREDITORS					
Amounts falling due within one year	12	**14,297,349**		13,015,901	
NET CURRENT ASSETS			**28,260,669**		24,100,741
TOTAL ASSETS LESS CURRENT LIABILITIES			**29,952,509**		25,837,543
PROVISIONS FOR LIABILITIES	16		**324,331**		321,661
NET ASSETS			**29,628,178**		25,515,882
CAPITAL AND RESERVES					
Called up share capital	17		**91,920**		91,920
Share premium	18		**20,880**		20,880
Capital redemption reserve	18		**48,500**		48,500
Retained earnings	18		**29,466,878**		25,354,582
SHAREHOLDERS' FUNDS			**29,628,178**		25,515,882

The financial statements were approved by the Board of Directors and authorised for issue on 30 January 2025 and were signed on its behalf by:

LK Bramley - Director

Statement of Changes in Equity
for the year ended 31 July 2024

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 August 2022	91,920	21,243,267	20,880	48,500	21,404,567
Changes in equity					
Dividends	-	(1,193,196)	-	-	(1,193,196)
Total comprehensive income	-	5,304,511	-	-	5,304,511
Balance at 31 July 2023	91,920	25,354,582	20,880	48,500	25,515,882
Changes in equity					
Dividends	-	(1,157,222)	-	-	(1,157,222)
Total comprehensive income	-	5,269,518	-	-	5,269,518
Balance at 31 July 2024	91,920	29,466,878	20,880	48,500	29,628,178

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 July 2024

1. **STATUTORY INFORMATION**

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

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

The amounts in the financial statements have been rounded to the nearest £1.

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.

Going concern
The directors have reviewed the future forecasts of the business, the funding requirements, and the strong balance sheet. They are confident that the going concern basis is appropriate.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

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

The directors do not consider there to be any critical judgments that require disclosure in the financial statements.

Sources of estimation uncertainty
The directors consider the following matters to be key sources of estimation uncertainty which affect the financial statements;

Valuation of stocks
Stocks are carried at the lower of cost and net realisable valuate. In determining net realisable value, the directors apply a provisioning policy to the value of stocks held. This provides an estimate of net realisable value for old and slow moving stocks.

Turnover
The turnover shown in the profit and loss account represents the fair value of all goods and services, delivered during the year, at selling price exclusive of discounts, rebates, Value Added Tax and other sales taxes. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 5% on cost
Long leasehold	- Over the term of the lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Stocks

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

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Basic financial assets, which include debtors, prepayments and bank balances, are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities, which include creditors, accruals, loans and group borrowings, are initially recognised at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the liability is measured at the present value of the future obligations discounted at a market rate of interest. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. The total amount of expenditure recognised in the year was £641,508 (2023: £526,111).

continued...

2. **ACCOUNTING POLICIES - continued**

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.

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

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.

3. **TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2024	2023
	£	£
UK	**24,644,110**	21,913,717
Overseas	**44,386,934**	41,113,241
	69,031,044	63,026,958

4. **EMPLOYEES AND DIRECTORS**

	2024	2023
	£	£
Wages and salaries	**5,302,045**	5,198,503
Social security costs	**486,800**	467,987
Other pension costs	**862,034**	647,476
	6,650,879	6,313,966

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

	2024	2023
Engineers	**53**	57
Sales	**59**	61
Warehouse	**27**	25
Administration	**16**	14
	155	157

	2024	2023
	£	£
Directors' remuneration	**153,978**	160,285
Directors' pension contributions to money purchase schemes	**174,665**	138,548

continued...

4. **EMPLOYEES AND DIRECTORS - continued**

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

Money purchase schemes	**8**	8

5. **OPERATING PROFIT**

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

	2024	2023
	£	£
Other operating leases	**416,851**	441,307
Depreciation - owned assets	**420,918**	375,656
Profit on disposal of fixed assets	**(35,979)**	-
Auditors' remuneration	**8,000**	7,500
Auditors' remuneration for non audit work	**3,950**	5,600

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2024	2023
	£	£
Bank interest	**17,234**	28,386
Other interest	**-**	18,227
	17,234	46,613

7. **TAXATION**

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2024	2023
	£	£
Current tax:		
UK corporation tax	**1,592,632**	1,148,531
Adjustments in respect of prior years	**-**	8,437
Total current tax	**1,592,632**	1,156,968
Deferred tax	**2,669**	13,137
Tax on profit	**1,595,301**	1,170,105

UK corporation tax has been charged at 25% (2023 - 21.01%).

continued...

7. **TAXATION - continued**

Reconciliation of total tax charge 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:

	2024	2023
	£	£
Profit before tax	6,864,819	6,474,616
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2023 - 21.005%)	1,716,205	1,359,993
Effects of:		
Expenses not deductible for tax purposes	1,335	3,208
Other timing differences	15,685	(12,352)
Research & development relief	(137,924)	(128,706)
Super deduction/restrictions on capital allowances and capital gain	-	(11,903)
Change in rate of deferred tax	-	(8,788)
Group relief	-	(39,784)
Adjustment in respect of prior year	-	8,437
Total tax charge	1,595,301	1,170,105

Following the increase in corporation tax from 19% to 25% on 1 April 2023, the effective rate of tax in 2023 was 21.005%. The rate is 25% for 2024. Deferred tax has been provided at 25% for the prior and current year.

8. **DIVIDENDS**

	2024	2023
	£	£
Dividends paid	1,157,222	1,193,196

9. **TANGIBLE FIXED ASSETS**

	Short leasehold	Long leasehold	Plant and machinery
	£	£	£
COST			
At 1 August 2023	908,794	346,123	3,928,977
Additions	99,796	11,511	165,188
Disposals	-	-	(332,540)
At 31 July 2024	1,008,590	357,634	3,761,625
DEPRECIATION			
At 1 August 2023	242,820	283,912	3,131,500
Charge for year	50,627	-	289,580
Eliminated on disposal	-	-	(325,889)
At 31 July 2024	293,447	283,912	3,095,191
NET BOOK VALUE			
At 31 July 2024	715,143	73,722	666,434
At 31 July 2023	665,974	62,211	797,477

continued...

9. **TANGIBLE FIXED ASSETS - continued**

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 August 2023	908,857	235,180	6,327,931
Additions	67,560	45,528	389,583
Disposals	(46,327)	(91,302)	(470,169)
At 31 July 2024	930,090	189,406	6,247,345
DEPRECIATION			
At 1 August 2023	757,161	175,736	4,591,129
Charge for year	56,176	24,535	420,918
Eliminated on disposal	(46,327)	(84,326)	(456,542)
At 31 July 2024	767,010	115,945	4,555,505
NET BOOK VALUE			
At 31 July 2024	163,080	73,461	1,691,840
At 31 July 2023	151,696	59,444	1,736,802

10. **STOCKS**

	2024 £	2023 £
Finished goods	30,011,305	28,041,178

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

	2024 £	2023 £
Trade debtors	7,772,319	6,714,127
Amounts owed by group undertakings	3,150,339	1,554,551
Other debtors	295,134	435,590
Prepayments and accrued income	322,556	165,063
	11,540,348	8,869,331

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

	2024 £	2023 £
Bank loans and overdrafts (see note 13)	-	692,690
Trade creditors	13,738,223	11,485,633
Corporation tax	253,903	522,497
Social security and other taxes	111,571	116,008
Directors' current accounts	112,500	112,500
Accruals and deferred income	81,152	86,573
	14,297,349	13,015,901

The directors' loan accounts are unsecured, bear no interest and have no fixed repayment term.

continued...

13. **LOANS**

An analysis of the maturity of loans is given below:

	2024	2023
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	692,690

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2024	2023
	£	£
Within one year	424,051	181,787
Between one and five years	146,237	644,339
	570,288	826,126

15. **SECURED DEBTS**

The following secured debts are included within creditors:

	2024	2023
	£	£
Bank overdraft	-	692,690

The bank overdraft is secured by a debenture dated 23 January 2012, both incorporating a fixed and floating charge over all current and future assets of the company.

There is an unlimited multilateral guarantee dated 9 August 2018 given by Merlin Diesel Holdings Limited, Merlin Diesel Systems Limited and Colchester Fuel Injection Limited.

There is a guarantee dated 15 February 2012 in favour of HM Revenue & Customs for £200,000.

16. **PROVISIONS FOR LIABILITIES**

	2024	2023
	£	£
Deferred tax		
Accelerated capital allowances	324,331	321,661

	Deferred tax
	£
Balance at 1 August 2023	321,661
Provided during year	2,670
Balance at 31 July 2024	324,331

continued...

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2024** £	2023 £
91,920	Ordinary	£1	**91,920**	91,920

The shares have attached to them full voting, dividend and capital distribution rights.

18. **RESERVES**

	Retained earnings £	**Share premium** £	**Capital redemption reserve** £	**Totals** £
At 1 August 2023	**25,354,582**	**20,880**	**48,500**	**25,423,962**
Profit for the year	**5,269,518**			**5,269,518**
Dividends	**(1,157,222)**			**(1,157,222)**
At 31 July 2024	**29,466,878**	**20,880**	**48,500**	**29,536,258**

19. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions paid in the year amounted to £862,034 (2023: £647,476).

20. **ULTIMATE PARENT COMPANY**

The ultimate parent company is Merlin Diesel Holdings Limited, a company incorporated in England and Wales.

The parent company of the largest and smallest group, which includes the company, and for which group financial statements are prepared is Merlin Diesel Holdings Limited, 189/191 Bradkirk Place, Walton Summit, Preston, PR5 8AJ.

The company is ultimately controlled jointly by LK Bramley and S Bramley, by virtue of their shareholding in the parent company.

21. **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.