

COMPANY REGISTRATION NUMBER: 1578326

Dalair Limited
Financial Statements
31 December 2022

Dalair Limited
Financial Statements

Year ended 31 December 2022

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Dalair Limited

Officers and Professional Advisers

The board of directors	Mr D.J. Moseley Mr A. McKay - Appointed on 1st January 2023 Mr C. Olin - Appointed on 1st January 2023 Mr R. Vollert - Appointment 1st August 2023 Mr A.O. Wellstam - Appointed on 1st January 2023
Registered office	Southern Way Wednesbury West Midlands WS10 7BU
Auditor	Ronald Shaw & Co Chartered Accountants & statutory auditor Ashford House 95 Dixons Green Dudley West Midlands
Bankers	Barclays Bank PLC 81 High Street Stourbridge West Midlands
Solicitors	Waldrons Solicitors Capstan House The Waterfront Merry Hill West Midlands DY5 1XL

Dalair Limited

Strategic Report

Year ended 31 December 2022

Strategic report

The directors present their Strategic Report for the year ended 31st December 2022.

Results and dividends

The profit for the year, after taxation amounted to £2,401,318 (2021 £1,888,927). Particulars of dividends paid are detailed in note 13 to the financial statements.

Changes in ownership

On 13th December 2022 the principle shareholder entered into an agreement to sell the entire share capital of the business to Swegon Limited. This transaction completed on 3rd January 2023. The company's ultimate parent company as of this date was Investmentaktiebolaget Latour, a company incorporated in Sweden, registration number 5560263237.

Principal activities, review of the business and future developments

The principal activity of the company during the year consisted of manufacturing and factoring heating and ventilation equipment. There has been no significant change in this activity during the year.

	2022	2021
	£	£
Turnover from continuing operations	18,013,119	17,320,779
Operating profit	2,971,618	2,353,972

Operating profit as percentage of turnover is 16.49% (2021 13.59%) Turnover has increased due to an increase in sales volumes. Operating profit as a percentage of turnover has increased. The directors aim to continue to maintain the management policies which have resulted in strong financial performance in recent years. Trading for 2023 has started very strong, order intake and sales are above 2022 levels and the directors expect this to continue into 2024. The directors consider the state of affairs of the company to be very satisfactory for the period and the outlook for the business to be extremely favourable.

Financial risk management objectives and policies

The company finances its operations through a mixtures of retained profits, bank borrowings and where necessary to fund capital expenditure programmes through hire purchase financing arrangements. The management's objectives are to: (a) retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due; and (b) match the repayment schedule of any external finance with the expected future cash flows expected to arise from the company's trading activities. As the company's surplus funds are primarily invested in sterling bank accounts, this limits exposure to price risk. The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling. The company does not enter into any hedging transactions. The Company continues to hold ISO 9001 certification for its quality management process, ISO 14001 for its environment management process and ISO 45001 for health and safety systems. The construction industry generally has suffered from shortages and inflationary pressures. We work closely with our customer base and supply chain to monitor and mitigate where possible the impact of events beyond the company's control. The company continues to monitor volatility within the supply chain and take appropriate actions.

This report was approved by the board of directors on 1 August 2023 and signed on behalf of the board by:

Mr A. McKay - Appointed on 1st January 2023

Director

Registered office:

Southern Way

Wednesbury

West Midlands

WS10 7BU

Dalair Limited

Directors' Report

Year ended 31 December 2022

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

Directors

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

Mr J.G. Moseley - Resigned on 1st

January 2023

Mr D.J. Moseley

Dividends

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

Greenhouse gas emissions and energy consumption

Information not included

It is not practical for the company to obtain some or all of that information

Going concern

The company has a strong balance sheet, and the directors consider that the future prospects of the company are good.

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

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008. It has done so in respect of future developments and financial risk management objectives and policies.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. 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.

Auditor

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

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

This report was approved by the board of directors on 1 August 2023 and signed on behalf of the board by:

Mr A. McKay - Appointed on 1st January 2023

Director

Registered office:

Southern Way

Wednesbury

West Midlands

WS10 7BU

Dalair Limited

Independent Auditor's Report to the Members of Dalair Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Dalair Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements: - give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns; or - certain disclosures of directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

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. 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: We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards). We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to inquiry of the Officers. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Robert Pawlowski FCA

(Senior Statutory Auditor)

For and on behalf of

Ronald Shaw & Co

Chartered Accountants & statutory auditor

Ashford House

95 Dixons Green

Dudley

West Midlands

2 August 2023

Dalair Limited

Statement of Comprehensive Income

Year ended 31 December 2022

		2022	2021
	Note	£	£
Turnover	4	18,013,119	17,320,779
Change in stocks of finished goods and in work in progress		(36,450)	3,500
Other operating income	5	295,392	48,847
		-----	-----
		18,272,061	17,373,126
Raw material and consumables		7,672,483	7,340,885
Other external charges		521,268	450,282
Particulars of employees	8	5,880,048	6,149,428
Depreciation and other amounts written off tangible and intangible fixed assets		176,873	162,566
Other operating expenses		1,049,771	915,993
		-----	-----
Operating profit	6	2,971,618	2,353,972
Interest receivable	10	20,248	342
Interest payable	11	11,100	10,114
		-----	-----
Profit before taxation		2,980,766	2,344,200
Taxation on ordinary activities	12	579,448	455,273
		-----	-----
Profit for the financial year		2,401,318	1,888,927
		-----	-----
Reclassification from revaluation reserve to profit and loss account		(236,041)	—
		-----	-----
Total comprehensive income for the year		2,165,277	1,888,927
		-----	-----

All the activities of the company are from continuing operations.

Dalair Limited
Statement of Financial Position

31 December 2022

	Note	2022 £	£	2021 £
Fixed assets				
Tangible assets	14		5,551,368	5,633,231
Current assets				
Stocks	15	898,350		681,000
Debtors	16	4,512,469		3,616,878
Cash at bank and in hand		4,234,410		3,843,722
		9,645,229		8,141,600
Creditors: amounts falling due within one year	17	3,031,325		3,600,274
Net current assets			6,613,904	4,541,326
Total assets less current liabilities			12,165,272	10,174,557
Creditors: amounts falling due after more than one year	18		148,670	140,580
Provisions				
Taxation including deferred tax	20		240,218	479
Net assets			11,776,384	10,033,498
Capital and reserves				
Called up share capital	25		50	50
Revaluation reserve	26		3,393,611	3,629,652
Profit and loss account	26		8,382,723	6,403,796
Shareholders funds			11,776,384	10,033,498

These financial statements were approved by the board of directors and authorised for issue on 1 August 2023 , and are signed on behalf of the board by:

Mr A. McKay

Company registration number: 1578326

Dalair Limited

Statement of Changes in Equity

Year ended 31 December 2022

		Called up share capital	Revaluation reserve	Profit and loss account	Total
		£	£	£	£
At 1 January 2021		50	3,629,652	5,019,869	8,649,571
Profit for the year				1,888,927	1,888,927
		---	-----	-----	-----
Total comprehensive income for the year		-	-	1,888,927	1,888,927
Dividends paid and payable	13	-	-	(505,000)	(505,000)
		---	-----	-----	-----
Total investments by and distributions to owners		-	-	(505,000)	(505,000)
At 31 December 2021		50	3,629,652	6,403,796	10,033,498
Profit for the year				2,401,318	2,401,318
Other comprehensive income for the year	24	-	(236,041)	-	(236,041)
		---	-----	-----	-----
Total comprehensive income for the year		-	(236,041)	2,401,318	2,165,277
Dividends paid and payable	13	-	-	(422,391)	(422,391)
		---	-----	-----	-----
Total investments by and distributions to owners		-	-	(422,391)	(422,391)
		---	-----	-----	-----
At 31 December 2022		50	3,393,611	8,382,723	11,776,384
		---	-----	-----	-----

Dalair Limited

Statement of Cash Flows

Year ended 31 December 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	2,401,318	1,888,927
<i>Adjustments for:</i>		
Depreciation of tangible assets	208,123	206,566
Interest receivable	(20,248)	(342)
Interest payable	11,100	10,114
Gains on disposal of tangible assets	(31,250)	(44,000)
Taxation on ordinary activities	579,448	455,273
Accrued expenses	147,491	66,293
<i>Changes in:</i>		
Stocks	(217,350)	(133,000)
Trade and other debtors	(895,591)	(902,577)
Trade and other creditors	(522,657)	478,179
Cash generated from operations	1,660,384	2,025,433
Interest paid	(11,100)	(10,114)
Interest received	20,248	342
Tax paid	(808,335)	(244,345)
Net cash from operating activities	861,197	1,771,316
Cash flows from investing activities		
Purchase of tangible assets	(160,010)	(213,445)
Proceeds from sale of tangible assets	65,000	44,000
Net cash used in investing activities	(95,010)	(169,445)
Cash flows from financing activities		
Proceeds from borrowings	(1,030)	(303,645)
Payments of finance lease liabilities	47,922	70,323
Dividends paid	(422,391)	(505,000)
Net cash used in financing activities	(375,499)	(738,322)
Net increase in cash and cash equivalents	390,688	863,549
Cash and cash equivalents at beginning of year	3,843,722	2,980,173
Cash and cash equivalents at end of year	4,234,410	3,843,722

Dalair Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Southern Way, Wednesbury, West Midlands, WS10 7BU.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continuing operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

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

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Deferred tax Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted. Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Freehold property	-	50 years
Plant, Machinery and Equipment	-	7 years
Office Equipment and Fittings	-	7 years
Motor Vehicles	-	4 years

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Work in progress Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a normal levels of activity.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. A financial instrument is a contract giving rise to a financial asset (such as trade and other debtors, cash and bank balances) or a financial liability (such as trade and other creditors, bank and other loans, hire purchase and lease creditors) or an equity instrument (such as ordinary or preference shares). Financial instruments are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. All the company's financial instruments are basic financial instruments and are recognised at amortised cost using the effective interest method. Amortised cost: the original transaction value, less amounts settled, less any adjustment for impairment. Effective interest method: where a financial instrument falls due more than 12 months after the balance sheet date and is subject to a rate of interest which is below a market rate, the original transaction value is discounted using a market rate of interest to give the net present value of future cash flows. Derecognition of financial instruments Financial assets cease to be recognised only when the contractual rights to the cash flows expire, or when substantially all the risks and rewards of ownership are transferred to another entity. Financial liabilities cease to be recognised when and only when the company's obligations are discharged, cancelled, or they expire.

Defined contribution plans

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

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	18,013,119	17,320,779

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

5. Other operating income

	2022	2021
	£	£
Other operating income	295,392	–
Government job retention scheme	–	48,847
	-----	-----
	295,392	48,847
	-----	-----

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Gains on disposal of tangible assets	(31,250)	(44,000)
Impairment of trade debtors	–	(1,298)
Operating lease rentals	99,767	87,051
Depreciation of tangible fixed assets	82,598	120,212
Depreciation of tangible fixed assets held under finance leases	125,525	86,354
	-----	-----

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	8,000	8,000
	-----	-----

8. Particulars of employees

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

	2022	2021
	No.	No.
Production staff	107	105
Administrative staff	34	34
Management staff	11	11
	---	---
	152	150
	---	---

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

	2022	2021
	£	£
Wages and salaries	5,200,502	5,483,072
Social security costs	529,870	548,348
Other pension costs	149,676	118,008
	-----	-----
	5,880,048	6,149,428
	-----	-----

9. Directors' remuneration

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

	2022	2021
	£	£
Remuneration	166,124	437,156
	-----	-----

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

2022	2021
No.	No.

Defined contribution plans

1

1

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

	2022	2021
	£	£
Aggregate remuneration	166,124	437,156

10. Interest receivable

	2022	2021
	£	£
Interest on cash and cash equivalents	20,248	342

11. Interest payable

	2022	2021
	£	£
Other interest payable and similar charges	11,100	10,114

12. Taxation on ordinary activities

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	575,844	458,335
Adjustments in respect of prior periods	(94)	(21)
Total current tax	575,750	458,314
Deferred tax:		
Origination and reversal of timing differences	3,698	(3,041)
Taxation on ordinary activities	579,448	455,273

Reconciliation of tax expense

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

	2022	2021
	£	£
Profit on ordinary activities before taxation	2,980,766	2,344,200
Profit on ordinary activities by rate of tax	566,346	445,398
Effect of expenses not deductible for tax purposes	3,065	2,416
Effect of capital allowances and depreciation	10,131	7,480
Rounding on tax charge	(94)	(21)
Tax on profit	579,448	455,273

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022	2021
	£	£
Equity dividends paid	422,391	505,000

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2022	5,465,000	818,313	362,357	642,631	7,288,301
Additions	–	3,333	–	156,677	160,010
Disposals	–	–	–	(121,322)	(121,322)
At 31 December 2022	5,465,000	821,646	362,357	677,986	7,326,989
Depreciation					
At 1 January 2022	109,300	771,293	362,357	412,120	1,655,070
Charge for the year	54,650	16,964	–	136,509	208,123
Disposals	–	–	–	(87,572)	(87,572)
At 31 December 2022	163,950	788,257	362,357	461,057	1,775,621
Carrying amount					
At 31 December 2022	5,301,050	33,389	–	216,929	5,551,368
At 31 December 2021	5,355,700	47,020	–	230,511	5,633,231

Tangible assets held at valuation

Particulars relating to revalued assets are given below:- Freehold land and building The land and buildings were revalued on 20th January 2020 by HLA Surveyors Limited on the basis of fair value in accordance with International Financial Reporting Standards (IFRS). The land and buildings were valued at £5,465,000. Other tangible fixed assets including subsequent additions to land and buildings are included at cost.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2022	27,300	200,766	228,066
At 31 December 2021	35,175	161,739	196,914

15. Stocks

	2022 £	2021 £
Raw materials	881,900	661,000
Work in progress	16,450	20,000
	898,350	681,000

16. Debtors

	2022	2021
	£	£
Trade debtors	4,098,288	3,572,345
Prepayments and accrued income	36,777	44,533
Other debtors	377,404	–
	<u>4,512,469</u>	<u>3,616,878</u>

17. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,743,257	2,459,793
Accruals and deferred income	389,649	242,158
Corporation tax	225,750	458,335
Social security and other taxes	539,489	340,962
Obligations under finance leases and hire purchase contracts	132,398	92,566
Director loan accounts	–	1,030
Other creditors	782	5,430
	<u>3,031,325</u>	<u>3,600,274</u>

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

18. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Obligations under finance leases and hire purchase contracts	148,670	140,580
	<u>148,670</u>	<u>140,580</u>

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022	2021
	£	£
Not later than 1 year	132,398	92,566
Later than 1 year and not later than 5 years	148,670	140,580
	<u>281,068</u>	<u>233,146</u>

20. Provisions

	Deferred tax (note 21) £
At 1 January 2022	479
Additions	239,739
	<u>240,218</u>

21. Deferred tax

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

	2022	2021
	£	£
Included in provisions (note 20)	240,218	479
	-----	---

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

	2022	2021
	£	£
Accelerated capital allowances	4,177	479
Revaluation of tangible assets	236,041	-
	-----	---
	240,218	479
	-----	---

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 149,676 (2021: £ 118,008).

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022	2021
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	4,098,288	3,572,345
Other debtors	414,181	44,533
Cash at bank and in hand	4,234,410	3,843,722
	-----	-----
	8,746,879	7,460,600
	-----	-----
Financial liabilities measured at amortised cost		
Trade creditors	1,743,257	2,459,793
Other creditors	1,155,670	1,047,915
Finance leases	281,068	233,146
Provisions	4,177	-
	-----	-----
	3,184,172	3,740,854
	-----	-----

24. Analysis of other comprehensive income

	Revaluation reserve £
Year ended 31 December 2022	
Reclassification from revaluation reserve to profit and loss account	(236,041)

Dalair Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

25. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £ 1 each	50	50	50	50
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26. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income. Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

27. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec
			2022
	£	£	£
Cash at bank and in hand	3,843,722	390,688	4,234,410
Debt due within one year	(93,596)	(38,802)	(132,398)
Debt due after one year	(140,580)	(8,090)	(148,670)
	-----	-----	-----
	3,609,546	343,796	3,953,342
	-----	-----	-----

28. Commitments under operating leases

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

	2022	2021
	£	£
Not later than 1 year	99,767	87,051
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Dalair Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

29. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2022			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr J.G. Moseley - Resigned on 1st January 2023	(1,030)	423,421	(422,391)	—
	-----	-----	-----	---
		2021		
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr J.G. Moseley - Resigned on 1st January 2023	(304,675)	808,645	(505,000)	(1,030)
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