

Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 October 2023
for
PPT Group UK Ltd

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for the Year Ended 31 October 2023

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DIRECTORS:

J Malloy
N A Pryke
T H Reslewic

SECRETARY:

Oakwood Corporate Secretary Limited

REGISTERED OFFICE:

Richmond Works
Lake View
Halifax
HX3 6EP

REGISTERED NUMBER:

00414668 (England and Wales)

AUDITORS:

Haines Watts
Chartered Accountants &
Statutory Auditors
3rd Floor
56 Wellington Street
Leeds
West Yorkshire
LS1 2EE

BANKERS:

HSBC UK Bank PLC
1 Centenary Square
Birmingham
B1 1HQ

Strategic Report
for the Year Ended 31 October 2023

As part of the group's strategy to maximise cross selling and efficient use of internal resources, the company took on the UK trade of its UK sister company, Mecmesin Ltd. The Company's principal activity during the year continued to be that of a design, manufacture and distributor of testing instruments, consumables and calibration services.

All figures include the results of the UK trade which was previously in Mecmesin Ltd, from the 1st March 2022.

BUSINESS REVIEW AND FUTURE OUTLOOK

Turnover in FY23 of £23,201,890 was higher than FY22 turnover at £21,393,075. Although an increase, this was driven by the annualisation of the transfer of UK trade previously in Mecmesin Ltd, with organic turnover falling below expectations.

The Company made a profit for the financial year of £3,342,826 compared to £3,910,812 in FY22. This reduction was primarily driven by Foreign Exchange loss as a result of the increased sterling strength and the consequent revaluation of intercompany debts.

Cash in the bank at year end was £596,463 compared to £1,589,661 in the prior year. Reserves are also held by the Company and were £24,896,616 at the end of FY23, having been £21,597,927 in FY22.

2024 is projected to deliver year-on-year growth with an increased market focus, coupled with the continuation and annualisation of the synergy benefits identified following the Mecmesin integration.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the Company are considered to relate to competition and the market forces within the industry. The company with the backing of its parent company Physical Properties Testing Ltd feels confident that it will remain a market leader.

FINANCIAL AND OTHER KEY PERFORMANCE INDICATORS

Financial performance is measured by turnover and operating profit. Turnover was £23,201,890 in 2023 compared to £21,393,075 as set out above. Operating profit was £3,393,638 in 2023 compared to £4,461,738 in 2022.

FUTURE DEVELOPMENTS

The Company is focused on driving growth in both turnover and profitability, with certain restructuring continuing. The Company's intentions is to maintain focus on existing and emerging markets supported by enhanced product development.

POST BALANCE SHEET EVENT

As part of the ongoing restructuring, John Page, Group Managing Director, left the business on 31 December 2023.

RESEARCH & DEVELOPMENT ACTIVITIES

The company is continually looking to develop new products and enhance the existing product range to meet and exceed customer expectations. A number of projects are currently ongoing and expected to deliver incremental growth in FY24.

ON BEHALF OF THE BOARD:

N A Pryke - Director

30 January 2024

Directors' Report
for the Year Ended 31 October 2023

The directors present their report and the financial statements for the year ended 31 October 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2023.

DIRECTORS

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

J Malloy
N A Pryke
T H Reslewic

Other changes in directors holding office are as follows:

J M Page ceased to be a director since the year end, on 31 December 2023.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In additions, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk -

Fixed and variable interest rates are arranged when obtaining interest bearing loans and borrowings.

Credit risk -

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

Currency risk -

The company has foreign currency bank accounts into which it receives monies from customers and makes payments to suppliers. The company considers that this policy meets its objectives of managing exposure to currency risk.

RESEARCH AND DEVELOPMENT ACTIVITIES

It is the company's policy to modify continually its product base to meet customer requirements.

DISCLOSURE IN THE STRATEGIC REPORT

Disclosures with regard to review of the business, principal risks and uncertainties, key performance indicators and future plans are included in the strategic report.

Directors' Report
for the Year Ended 31 October 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the 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 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 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.

AUDITORS

Under section 487(2) of the Companies Act 2006, Haines Watts will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

ON BEHALF OF THE BOARD:

N A Pryke - Director

30 January 2024

Opinion

We have audited the financial statements of PPT Group UK Ltd (the 'company') for the year ended 31 October 2023 which comprise the Income Statement, Statement of 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 October 2023 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 Directors' Report, 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 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 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.

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.

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 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 misstatement, including obtaining an understanding of how fraud might occur, by:

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

To address the risk of fraud through management bias and override of controls, including the impact on revenue recognition, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions; and
- the use of data analytics to identify transactions requiring further investigation.

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 disclosure 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 and relevant regulators.

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.

Report of the Independent Auditors to the Members of
PPT Group UK Ltd

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

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.

Matthew Barton BA (Hons) FCA CTA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants &
Statutory Auditors
3rd Floor
56 Wellington Street
Leeds
West Yorkshire
LS1 2EE

1 February 2024

Income Statement
for the Year Ended 31 October 2023

	Notes	2023 £	£	2022 £	£
TURNOVER	5	23,201,890		21,393,075	
Cost of sales		10,520,357		9,897,906	
GROSS PROFIT		12,681,533		11,495,169	
Distribution costs		1,767,933		1,626,971	
Administrative expenses		7,519,962		5,408,316	
		9,287,895		7,035,287	
		3,393,638		4,459,882	
Other operating income		-		1,856	
OPERATING PROFIT	8	3,393,638		4,461,738	
Interest receivable and similar income		57,635		30,411	
PROFIT BEFORE TAXATION		3,451,273		4,492,149	
Tax on profit	9	108,447		581,337	
PROFIT FOR THE FINANCIAL YEAR		3,342,826		3,910,812	

Statement of other Comprehensive Income
for the Year Ended 31 October 2023

	Notes	2023 £	2022 £
PROFIT FOR THE YEAR		3,342,826	3,910,812
OTHER COMPREHENSIVE INCOME			
Movement on deferred tax relating to revaluation		(44,137)	813
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(44,137)	813
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,298,689</u>	<u>3,911,625</u>

Balance Sheet
31 October 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		<u>1,478,193</u>		<u>1,558,625</u>
			1,478,193		1,558,625
CURRENT ASSETS					
Stocks	12	6,031,695		6,183,956	
Debtors	13	26,751,880		23,121,109	
Cash at bank and in hand		<u>596,463</u>		<u>1,589,661</u>	
		33,380,038		30,894,726	
CREDITORS					
Amounts falling due within one year	14	<u>9,708,399</u>		<u>10,641,605</u>	
NET CURRENT ASSETS			<u>23,671,639</u>		<u>20,253,121</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			25,149,832		21,811,746
PROVISIONS FOR LIABILITIES	16		<u>253,216</u>		<u>213,819</u>
NET ASSETS			<u>24,896,616</u>		<u>21,597,927</u>
CAPITAL AND RESERVES					
Called up share capital	17		16,183		16,183
Share premium	18		37,961		37,961
Revaluation reserve	18		561,872		566,427
Capital redemption reserve	18		6,465		6,465
Retained earnings	18		<u>24,274,135</u>		<u>20,970,891</u>
SHAREHOLDERS' FUNDS			<u>24,896,616</u>		<u>21,597,927</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 January 2024 and were signed on its behalf by:

N A Pryke - Director

Statement of Changes in Equity
for the Year Ended 31 October 2023

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 November 2021	16,183	17,055,801	37,961
Changes in equity			
Profit for the year	-	3,910,812	-
Other comprehensive income	-	-	-
Total comprehensive income	-	3,910,812	-
Transfer from revaluation reserve	-	4,278	-
Balance at 31 October 2022	16,183	20,970,891	37,961
Changes in equity			
Profit for the year	-	3,342,826	-
Other comprehensive income	-	-	-
Total comprehensive income	-	3,342,826	-
Transfer from revaluation reserve	-	(39,582)	-
Balance at 31 October 2023	16,183	24,274,135	37,961
	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 November 2021	569,892	6,465	17,686,302
Changes in equity			
Profit for the year	-	-	3,910,812
Other comprehensive income	813	-	813
Total comprehensive income	813	-	3,911,625
Transfer from revaluation reserve	(4,278)	-	-
Balance at 31 October 2022	566,427	6,465	21,597,927
Changes in equity			
Profit for the year	-	-	3,342,826
Other comprehensive income	(44,137)	-	(44,137)
Total comprehensive income	(44,137)	-	3,298,689
Transfer from revaluation reserve	39,582	-	-
Balance at 31 October 2023	561,872	6,465	24,896,616

Notes to the Financial Statements
for the Year Ended 31 October 2023

1. **STATUTORY INFORMATION**

PPT Group UK Ltd 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. **STATEMENT OF COMPLIANCE**

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.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows, in making their assessment. Based on these assessments, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions 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;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received and receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirers interest in the fair value of its identifiable assets and liabilities of the acquire at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life of 5 years.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold property - 2.5% per annum straight line
Plant and machinery - 25% straight line/
Motor vehicles - 33% straight line
Fixtures and fittings - 15% reducing balance
Heating plant - 25% straight line/15% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

Stocks

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

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable and receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

3. **ACCOUNTING POLICIES - continued**

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.

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.

Pensions

Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Interest income

Interest income is recognised in the profit and loss account in the period in which it is receivable.

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Revaluation gains and losses are recognised in the profit and loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

3. ACCOUNTING POLICIES - continued

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price.

Research and development

Research and development expenditure less grants receivable is written off in the year in which it is incurred.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset has may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Provision for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Employee benefits

Short term employee benefits, including holiday pay and other similar non monetary benefits, are recognised as an expense in the period in which they are incurred.

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these key judgements and estimates have been made include the stock provision.

5. TURNOVER

The directors are of the opinion that it would be seriously prejudicial to the interests of the company to analyse the turnover between the company's markets and accordingly the information is not disclosed.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

6. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	6,807,228	5,804,775
Social security costs	686,369	626,632
Other pension costs	262,985	210,506
	<u>7,756,582</u>	<u>6,641,913</u>

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

	2023	2022
Production staff	81	80
Administration staff	98	87
Directors	3	3
	<u>182</u>	<u>170</u>

7. DIRECTORS' EMOLUMENTS

	2023	2022
£	£	
Directors' remuneration	381,023	412,803
Directors' pension contributions to money purchase schemes	<u>19,802</u>	<u>134,004</u>

The highest paid director received remuneration of £150,283 (2022: £168,191).

8. OPERATING PROFIT

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

	2023	2022
	£	£
Hire of plant and machinery	20,058	19,451
Depreciation - owned assets	116,543	142,791
Profit on disposal of fixed assets	-	(1,856)
Fees payable to the Company's auditor for the audit of the Company's financial statements	9,500	16,150
Foreign exchange differences	<u>333,867</u>	<u>(454,767)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

9. TAXATION

Analysis of the tax charge

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

	2023 £	2022 £
Current tax:		
UK corporation tax	<u>114,000</u>	<u>573,000</u>
Deferred tax:		
Deferred tax	(4,740)	8,337
Adjustment in respect of prior year	<u>(813)</u>	<u>-</u>
Total deferred tax	<u>(5,553)</u>	<u>8,337</u>
Tax on profit	<u>108,447</u>	<u>581,337</u>

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:

	2023 £	2022 £
Profit before tax	<u>3,451,273</u>	<u>4,492,149</u>
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 19%)	862,818	853,508
Effects of:		
Expenses not deductible for tax purposes	44,080	1,235
Capital allowances in excess of depreciation	-	(17,654)
Depreciation in excess of capital allowances	27,627	-
Adjustments to tax charge in respect of previous periods	(813)	-
Rounding on tax charge	734	-
Group relief	(733,620)	(254,785)
Expenses allowable for tax purposes	-	(1,334)
Over provision	-	367
Tax charged at 19%	(85,667)	-
Change in deferred tax rates	<u>(6,712)</u>	<u>-</u>
Total tax charge	<u>108,447</u>	<u>581,337</u>

Tax effects relating to effects of other comprehensive income

	2023 Gross £	2023 Tax £	Net £
Movement on deferred tax relating to revaluation	(44,137)	-	(44,137)
	<u>(44,137)</u>	<u>-</u>	<u>(44,137)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

9. **TAXATION - continued**

	Gross £	2022 Tax £	Net £
Movement on deferred tax relating to revaluation	813	-	813
	<u>813</u>	<u>-</u>	<u>813</u>

From 1 April 2023, the rate of corporation tax in the United Kingdom increased from 19% to 25%.

10. **INTANGIBLE FIXED ASSETS**

	Goodwill £
COST	
At 1 November 2022 and 31 October 2023	<u>348,552</u>
AMORTISATION	
At 1 November 2022 and 31 October 2023	<u>348,552</u>
NET BOOK VALUE	
At 31 October 2023	<u>-</u>
At 31 October 2022	<u>-</u>

11. **TANGIBLE FIXED ASSETS**

	Freehold property £	Heating plant £	Plant and machinery £
COST			
At 1 November 2022	1,004,140	133,199	1,640,670
Additions	7,890	5,305	14,858
At 31 October 2023	<u>1,012,030</u>	<u>138,504</u>	<u>1,655,528</u>
DEPRECIATION			
At 1 November 2022	63,860	108,615	1,319,026
Charge for year	13,684	3,751	37,979
At 31 October 2023	<u>77,544</u>	<u>112,366</u>	<u>1,357,005</u>
NET BOOK VALUE			
At 31 October 2023	<u>934,486</u>	<u>26,138</u>	<u>298,523</u>
At 31 October 2022	<u>940,280</u>	<u>24,584</u>	<u>321,644</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

11. **TANGIBLE FIXED ASSETS - continued**

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 November 2022	1,237,439	39,964	4,055,412
Additions	8,058	-	36,111
At 31 October 2023	<u>1,245,497</u>	<u>39,964</u>	<u>4,091,523</u>
DEPRECIATION			
At 1 November 2022	965,322	39,964	2,496,787
Charge for year	61,129	-	116,543
At 31 October 2023	<u>1,026,451</u>	<u>39,964</u>	<u>2,613,330</u>
NET BOOK VALUE			
At 31 October 2023	<u>219,046</u>	<u>-</u>	<u>1,478,193</u>
At 31 October 2022	<u>272,117</u>	<u>-</u>	<u>1,558,625</u>

Within freehold property, Richmond Works was professionally valued by Walker Singleton Property Consultants on 19 December 2017 on an open market basis of £900,000. The surplus over the written down value was transferred to the revaluation reserve.

Other tangible fixed assets, including subsequent additions to land and buildings, are included at cost.

If land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2023 £	2022 £
Cost	<u>363,140</u>	<u>363,140</u>
Accumulated Depreciation	<u>216,349</u>	<u>207,270</u>
Net book value	<u>146,791</u>	<u>155,870</u>

12. **STOCKS**

	2023 £	2022 £
Raw materials	4,485,502	4,077,870
Work-in-progress	299,846	607,128
Finished goods	<u>1,246,347</u>	<u>1,498,958</u>
	<u>6,031,695</u>	<u>6,183,956</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

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

	2023 £	2022 £
Trade debtors	2,904,641	2,903,286
Amounts owed by group undertakings	23,187,502	19,828,193
Tax	285,239	-
VAT	58,378	98,483
Prepayments and accrued income	316,120	291,147
	<u>26,751,880</u>	<u>23,121,109</u>

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

	2023 £	2022 £
Trade creditors	2,342,130	2,675,672
Amounts owed to group undertakings	6,490,905	6,521,113
Tax	-	82,676
Social security and other taxes	158,445	179,397
Other creditors	382,021	341,478
Accruals and deferred income	334,898	841,269
	<u>9,708,399</u>	<u>10,641,605</u>

15. **LEASING AGREEMENTS**

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

	2023 £	2022 £
Within one year	243,899	162,260
Between one and five years	186,578	151,177
	<u>430,477</u>	<u>313,437</u>

16. **PROVISIONS FOR LIABILITIES**

	2023 £	2022 £
Deferred tax		
Deferred tax	213,819	206,295
Charged to profit or loss	(4,740)	8,337
Charged to other comprehensive income	44,137	(813)
	<u>253,216</u>	<u>213,819</u>

	Deferred tax £
Balance at 1 November 2022	213,819
Charge to Income Statement during year	39,397
Balance at 31 October 2023	<u>253,216</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2023

16. **PROVISIONS FOR LIABILITIES - continued**

The provision for deferred taxation is made up as follows;

	2022	2022
£	£	
Accelerated capital allowances	84,321	82,023
Deferred tax on pension and other provisions	(18,396)	(11,358)
Deferred tax on revaluation reserve	187,291	143,154
	<u>253,216</u>	<u>213,819</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
16,183	Ordinary share capital	£1	<u>16,183</u>	<u>16,183</u>

18. **RESERVES**

	Retained earnings	Share premium	Revaluation reserve	Capital redemption reserve	Totals
	£	£	£	£	£
At 1 November 2022	20,970,891	37,961	566,427	6,465	21,581,744
Profit for the year	3,342,826				3,342,826
Deferred tax movement on revaluation surplus	-	-	(44,137)	-	(44,137)
Transfer from revaluation reserve	(39,582)	-	39,582	-	-
At 31 October 2023	<u>24,274,135</u>	<u>37,961</u>	<u>561,872</u>	<u>6,465</u>	<u>24,880,433</u>

19. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. Pension contributions totalling £48,582 (2022: £59,777) were owed from the company at the year end. During the year a total of £262,985 was charged to the profit and loss account (2022: £210,506) for staff and directors pension contributions.

20. **ULTIMATE PARENT COMPANY**

At the year end the company's immediate parent undertaking is Physical Properties Testing Limited, a company incorporated in England and Wales. The ultimate parent company is BV Aquisitions X Parent Sarl, a company incorporated in Luxembourg. The company's ultimate controlling party at the year end is Battery Ventures, a private equity group based in the United States of America.

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 member companies within the group.

No further transactions with related parties took place as are required to be reported under FRS 102.

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