

MOTIVAIR COMPRESSORS LIMITED

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2022

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for the year ended 31 March 2022

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MOTIVAIR COMPRESSORS LIMITED

Company Information
for the year ended 31 March 2022

Directors:	J P Leach I Beadle J A V Sopher
Registered office:	Victoria House Britannia Road Waltham Cross Hertfordshire EN8 7NU
Registered number:	00918800 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham West Midlands B15 3BE
Bankers:	HSBC UK Bank Plc 1 Centenary Square Birmingham B1 1HQ

Strategic Report
for the year ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Review of business

The results for the year and financial position of the company are as shown in the annexed financial statements.

Introduction

Founded in the late 1950s, the company has developed into one of the country's leading compressed air management companies, focusing on technical know-how, service and general support both in the UK and overseas.

The emphasis of the business has changed in recent years. The company has moved from being a branch based distributor of compressed air equipment to an independent, centralised, national service provider.

Principal risks and uncertainties

The principal risks faced by the company and its responses thereto are summarized in this analysis. Not all these factors are within the management's control and there may be risks and uncertainties which are unknown to the company. Other risks may not be deemed relevant now but may turn out to be significant in the future.

1. Financial risk management

The company's financial instruments comprise cash at bank and overdraft. The chief purpose of these is to raise adequate finance for the company's operations, together with management of working capital. The main concerns are interest rate fluctuations and liquidity risk. The company's policy is to finance its operations through a mixture of cash and borrowings and to review periodically the mix of these instruments with regard to the projected cash flow requirements and an acceptable level of exposure.

2. Foreign currency risk

The company feels it is not significantly exposed to foreign currency fluctuation. Overseas trading is about 1% of turnover and management of its foreign currencies is handled prudently with the assistance of its bankers.

3. Customer concentration risk

The company has a broad and disparate customer base. The company has diversified - organically and through acquisition - into new sectors (e.g. facilities management, utility providers and international 'Blue Chips') reducing dependence on older smaller and more price sensitive clients. At this stage, the risk from customer concentration is low.

4. Competitive pressure risk

The traditional industrial market for compressors has been moving to a direct OEM sales model. This is leading to consolidation and increased competitive pressures. That said, the strategic decision to actively move into new sectors where the barrier to entry is relatively high but competition is weak (e.g. BNFL, the MOD and FM) is insulating the company from much of the price war that is impacting the competition.

5. Loss of key personnel

A company of this size does rely on key personnel at many levels but the risk from any single loss has been mitigated by strengthening management structures. Knowledge is being encoded and processes enhanced. Performance based remuneration packages, an emphasis on staff welfare and other company benefits have ensured low staff turnover.

6. Credit risk

Default by customers on receivables could negatively affect earnings. New, more stringent credit controls have been put in place and a tight grip is maintained by the financial staff on all new, large or unusual customers.

7. Loss of supply of critical materials

There are very few products within the portfolio which are either unique or single sourced. Independence from any one supplier has given the group room for improved purchasing practices. The company also endeavours to maintain supply contracts with all key suppliers.

Strategic Report
for the year ended 31 March 2022

Financial review

Turnover increased by £1.40 million to £13.01 million (2021: £11.61 million) resulting in a gross profit margin of 58.74% (2021: 60.51%). The operating profit for the year was £926,758 (2021: £333,297). The net financial cost for the year was £37,842 (2021: £52,1181).

Trading statement

The increased year over year sales revenue can be attributed to a major system installation with further works due in future financial years, in addition service contract sales growth with a high GP% and reduced overheads also increased YOY profitability.

Motivair continue to leverage a broad sector client footprint, maintaining Critical National infrastructure (CNI) assets (Not optional for the End User to maintain) by utilising its site experience, knowledge, and national service footprint. Motivair over the last 3 years have been working closely with the expanding Facilities Management (FM)companies. FMs work extensively in both the Public and Private sectors. Motivair service proposition (National Delivery footprint, single contact point, single engineering standard) fit well with FMs supply chain consolidation strategy, management see further future growth with this client set.

The emphasis on promoting longer contract lengths to clients in exchange for a fixed price with RPIX indexing has worked well with a number of key clients moving from an annual service renewal to a three year cycle, further protecting our revenue base.

Motivair utilise a broad supply chain via multiple vendors, due to our independence from an OEMs control we have maintained a robust supply of spare parts and new assets over the last 12 months. We are in regular dialogue with our supply chain and see this position continuing over the next 12 months.

Post pandemic we have several revenue and profit growth initiatives in place that should see Motivair grow or maintain its revenue and profit results for FY 22/23.

On behalf of the board:

J P Leach - Director

20 October 2022

Report of the Directors
for the year ended 31 March 2022

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

Principal activity

The principal activity of the company in the year under review was that of air compressor servicing, maintenance and repairs.

Dividends

No dividends will be distributed for the year ended 31 March 2022.

Directors

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

J P Leach
I Beadle
J A V Sopher

Going concern

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

Statement of directors' responsibilities

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

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

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

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

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he 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

The auditors, Haines Watts Birmingham LLP, were appointed during the year and will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:

J P Leach - Director

20 October 2022

Report of the Independent Auditors to the Members of
Motivair Compressors Limited

Opinion

We have audited the financial statements of Motivair Compressors Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

Report of the Independent Auditors to the Members of
Motivair Compressors Limited

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:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. 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 and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included, but were not limited to:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Report of the Independent Auditors to the Members of
Motivair Compressors Limited

Use of our report

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

Andrew Hughes ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
West Midlands
B15 3BE

25 October 2022

Statement of Comprehensive
Income
for the year ended 31 March 2022

		2022	2021
	Notes	£	as restated £
Turnover	3	13,014,033	11,614,144
Cost of sales		<u>(5,429,118)</u>	<u>(4,566,137)</u>
Gross profit		7,584,915	7,048,007
Distribution costs		<u>(238,635)</u>	<u>(242,629)</u>
Administrative expenses		<u>(6,421,298)</u>	<u>(6,472,081)</u>
		924,982	333,297
Other operating income		<u>1,776</u>	<u>-</u>
Operating profit	5	926,758	333,297
Interest payable and similar expenses	6	<u>(37,842)</u>	<u>(52,118)</u>
Profit before taxation		888,916	281,179
Tax on profit	7	<u>410,612</u>	<u>463,536</u>
Profit for the financial year		1,299,528	744,715
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,299,528</u>	<u>744,715</u>

Balance Sheet
31 March 2022

			2022	2021
	Notes	£	£	as restated £
Fixed assets				
Tangible assets	9		253,169	404,815
Investments	10		1	6,968
			<u>253,170</u>	<u>411,783</u>
Current assets				
Stocks	11	1,448,713	1,329,282	
Debtors	12	2,436,140	2,605,398	
Cash at bank and in hand		397,261	388,737	
		<u>4,282,114</u>	<u>4,323,417</u>	
Creditors				
Amounts falling due within one year	13	3,252,804	3,442,507	
Net current assets			<u>1,029,310</u>	<u>880,910</u>
Total assets less current liabilities			<u>1,282,480</u>	<u>1,292,693</u>
Creditors				
Amounts falling due after more than one year	14		370,765	1,680,506
Net assets/(liabilities)			<u>911,715</u>	<u>(387,813)</u>
Capital and reserves				
Called up share capital	18	5,250,991	5,250,991	
Retained earnings	19	(4,339,276)	(5,638,804)	
Shareholders' funds			<u>911,715</u>	<u>(387,813)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 October 2022 and were signed on its behalf by:

J P Leach - Director

Statement of Changes in Equity
for the year ended 31 March 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	5,250,991	(6,383,519)	(1,132,528)
Changes in equity			
Total comprehensive income	-	744,715	744,715
Balance at 31 March 2021	<u>5,250,991</u>	<u>(5,638,804)</u>	<u>(387,813)</u>
Changes in equity			
Total comprehensive income	-	1,299,528	1,299,528
Balance at 31 March 2022	<u>5,250,991</u>	<u>(4,339,276)</u>	<u>911,715</u>

Notes to the Financial Statements
for the year ended 31 March 2022

1. **Statutory information**

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

2. **Accounting policies**

Basis of preparing the financial statements

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

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

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.

Preparation of consolidated financial statements

The financial statements contain information about Motivair Compressors Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Pettits Limited, Victoria House, Britannia Road, Waltham Cross, Hertfordshire, EN8 7NU.

Related party exemption

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.

Significant judgements and estimates

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

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

Tangible fixed assets

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

Short leasehold	- in accordance with the property
Plant and machinery	- 33% on cost and 10% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% on cost

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in other operating income within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

Stocks

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

2. Accounting policies - continued

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.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. 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 Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

Notes to the Financial Statements - continued
for the year ended 31 March 2022

2. **Accounting policies - continued**

Deferred tax

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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.

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.

Debtors and creditors receivable / payable within one year

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

3. **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:

	2022	2021
		as restated
	£	£
United Kingdom	12,962,097	11,498,852
Export sales	51,936	115,292
	<u>13,014,033</u>	<u>11,614,144</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2022

4. **Employees and directors**

	2022	2021 as restated
	£	£
Wages and salaries	3,766,209	3,694,778
Social security costs	368,376	365,139
Other pension costs	148,520	160,731
	<u>4,283,105</u>	<u>4,220,648</u>

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

	2022	2021 as restated
Office management	5	6
Trading and distribution	88	86
	<u>93</u>	<u>92</u>

	2022	2021 as restated
	£	£
Directors' remuneration	<u>252,510</u>	<u>191,252</u>

Information regarding the highest paid director for the year ended 31 March 2022 is as follows:

	2022
	£
Emoluments etc	<u>240,010</u>

5. **Operating profit**

The operating profit is stated after charging:

	2022	2021 as restated
	£	£
Other operating leases	134,622	148,260
Depreciation - owned assets	208,061	206,135
Auditors' remuneration	<u>15,991</u>	<u>14,736</u>

6. **Interest payable and similar expenses**

	2022	2021 as restated
	£	£
Bank loan interest	<u>37,842</u>	<u>52,118</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2022

7. Taxation

Analysis of the tax credit

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

	2022	2021
	£	as restated
		£
Current tax:		
Research and development	<u>(410,612)</u>	<u>(463,536)</u>
Tax on profit	<u>(410,612)</u>	<u>(463,536)</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax credit included in profit and loss

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

	2022	2021
	£	as restated
		£
Profit before tax	<u>888,916</u>	<u>281,179</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	168,894	53,424
Effects of:		
Expenses not deductible for tax purposes	1,633	-
Depreciation in excess of capital allowances	16,575	10,927
Adjustments to tax charge in respect of previous periods	-	(77,485)
Research and development enhanced deduction	(1,135,757)	(654,533)
Utilisation of tax losses for research and development tax credit	538,043	204,131
Total tax credit	<u>(410,612)</u>	<u>(463,536)</u>

8. Prior year adjustment

Impairment

A prior year adjustment has been made to retrospectively impair the investment in Central Compressor Consultants Limited by £2,514,837. The trade and assets of Central Compressor Consultants Limited were hived up into Motivair Compressors Limited in 2015, the year of acquisition, which resulted in goodwill on acquisition of £879,204 which has now been retrospectively impaired, backdated to 2015. Goodwill was recognised at group level in respect of the hive up of trade and assets and continues to be amortised within the group accounts.

Notes to the Financial Statements - continued
for the year ended 31 March 2022

9. **Tangible fixed assets**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 April 2021	277,965	871,468	485,359	160,349	1,795,141
Additions	-	-	56,415	-	56,415
At 31 March 2022	<u>277,965</u>	<u>871,468</u>	<u>541,774</u>	<u>160,349</u>	<u>1,851,556</u>
Depreciation					
At 1 April 2021	139,716	724,233	366,103	160,274	1,390,326
Charge for year	14,681	146,961	46,419	-	208,061
At 31 March 2022	<u>154,397</u>	<u>871,194</u>	<u>412,522</u>	<u>160,274</u>	<u>1,598,387</u>
Net book value					
At 31 March 2022	<u>123,568</u>	<u>274</u>	<u>129,252</u>	<u>75</u>	<u>253,169</u>
At 31 March 2021	<u>138,249</u>	<u>147,235</u>	<u>119,256</u>	<u>75</u>	<u>404,815</u>

10. **Fixed asset investments**

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

Central Compressor Consultants Limited

Registered office: Victoria House, Britannia Road, Waltham Cross, Hertfordshire, EN8 7NU

Nature of business: Hire and maintenance of high pressure compressors

Class of shares	% holding
Ordinary	100.00

	2022	2021
£		
Aggregate capital and reserves	(37,759)	(18,829)
Profit/(loss) for the year	(-)	(19,470)

11. **Stocks**

	2022	2021 as restated
£		
Stocks	<u>1,448,713</u>	<u>1,329,282</u>

12. **Debtors: amounts falling due within one year**

	2022	2021 as restated
£		
Trade debtors	1,980,983	1,933,395
Other debtors	20,096	98,626
Tax	312,580	450,402
Prepayments	<u>122,481</u>	<u>122,975</u>
	<u>2,436,140</u>	<u>2,605,398</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2022

13. **Creditors: amounts falling due within one year**

	2022	2021 as restated
	£	£
Bank loans and overdrafts (see note 15)	710,648	250,000
Trade creditors	1,382,000	1,524,479
Social security and other taxes	125,492	131,249
VAT	256,307	547,642
Other creditors	425,765	541,359
Accruals and deferred income	352,592	447,778
	<u>3,252,804</u>	<u>3,442,507</u>

14. **Creditors: amounts falling due after more than one year**

	2022	2021 as restated
	£	£
Bank loans (see note 15)	35,419	700,000
Amounts owed to group undertakings	335,346	980,506
	<u>370,765</u>	<u>1,680,506</u>

15. **Loans**

An analysis of the maturity of loans is given below:

	2022	2021 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>710,648</u>	<u>250,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>10,648</u>	<u>700,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>24,771</u>	<u>-</u>

16. **Leasing agreements**

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

	2022	2021 as restated
	£	£
Within one year	358,988	311,100
Between one and five years	654,430	918,885
In more than five years	97,623	167,903
	<u>1,111,041</u>	<u>1,397,888</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2022

17. Secured debts

The following secured debts are included within creditors:

	2022	2021
	£	as restated
		£
Bank loans	<u>746,067</u>	<u>950,000</u>

The above amounts are secured via an unlimited multilateral guarantee dated 20 December 2019 given by Motivair Compressors Limited and Pettits Limited in the form of:

A debenture including a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.

A first floating charge over all assets and undertaking both present and future dated 22 August 2018.

18. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	as restated
				£
5,000	Ordinary	10p	500	500
4,900	Ordinary B	10p	490	490
4,400,000	Preference	£1	4,400,000	4,400,000
850,001	Deferred	£1	850,001	850,001
			<u>5,250,991</u>	<u>5,250,991</u>

19. Reserves

	Retained earnings
	£
At 1 April 2021	(5,638,804)
Profit for the year	<u>1,299,528</u>
At 31 March 2022	<u>(4,339,276)</u>

20. Ultimate parent company

Pettits Limited is regarded by the directors as being the company's ultimate parent company.

21. Other financial commitments

The company and its parent company, Pettits Limited has given an unlimited multilateral guarantee with the company bankers in respect of bank indebtedness. Debentures include fixed and floating charges over the assets of the group.

22. Related party disclosures

The company has taken advantage of FRS102 exemption not to disclose inter-group transaction and balances together with not disclosing group transactions on the grounds that details of the subsidiary are included in publicly available consolidated accounts which can be obtained at Companies House.

As at the year end the company owed £350,000 to Leach-Lewis Limited, a company related by way of common directorship. Purchases from Leach-Lewis Limited in the year total £324,000.

Notes to the Financial Statements - continued
for the year ended 31 March 2022

23. **Ultimate controlling party**

The ultimate controlling party is J P Leach.

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.