REGISTERED NUMBER: 00918800 (England and Wales)

MOTIVAIR COMPRESSORS LIMITED

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 March 2023

Contents of the Financial Statements
for the year ended 31 March 2023

Company Information
for the year ended 31 March 2023

Directors:	J P Leach I Beadle J A V Sopher
Registered office:	Motivair House Crompton Court Attwood Road Burntwood Staffordshire WS7 3GG
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 2023

The directors present their strategic report for the year ended 31 March 2023.

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 2023

Financial review
Turnover decreased by £0.14 million to £12.87 million (2022: £13.01 million) resulting in a gross profit margin of 58.25% (2022: 58.28%). The operating profit for the year was £622,506 (2022: £926,758). The net financial cost for the year was £27,528 (2022: £37,842).

Trading statement
Motivair's service contract sales demonstrated 11% year on year growth. However, the decrease in overall sales is attributed to two main factors. Firstly, there was a project timeline elongation of £600k, which resulted in the projects moving into the 2023/24 timeframe. Secondly, there were non- repeatable parts sales of £400k in the 2021/22 period.

The increase in overhead costs can be attributed to global socio-economic unrest and its consequential inflation, which has impacted the profitability of most businesses. Logistics and vehicle running costs are identified as major factors contributing to the increase in overheads and the downturn in 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 4 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.

Looking ahead, Motivair aims to achieve growth in service revenue by focusing on clients whose requirements align with the company's value proposition. This approach ensures that Motivair can provide tailored solutions that meet the specific needs of its clients, leading to increased revenue and customer satisfaction.

On behalf of the board:

J P Leach - Director

31 October 2023

Report of the Directors
for the year ended 31 March 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

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 2023.

Directors
The directors shown below have held office during the whole of the period from 1 April 2022 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, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:

J P Leach - Director

31 October 2023

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 2023 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 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 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.

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.

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.

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

31 October 2023

Statement of Comprehensive Income for the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover	3	**12,870,259**	13,014,033
Cost of sales		**(5,373,724)**	(5,429,118)
Gross profit		**7,496,535**	7,584,915
Distribution costs		**(292,603)**	(238,635)
Administrative expenses		**(6,581,426)**	(6,421,298)
		622,506	924,982
Other operating income		**-**	1,776
Operating profit	5	**622,506**	926,758
Interest receivable and similar income		**7**	-
		622,513	926,758
Interest payable and similar expenses	6	**(27,528)**	(37,842)
Profit before taxation		**594,985**	888,916
Tax on profit	7	**321,847**	410,612
Profit for the financial year		**916,832**	1,299,528
Other comprehensive income		**-**	-
Total comprehensive income for the year		**916,832**	1,299,528

The notes form part of these financial statements

Balance Sheet
31 March 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	8		**233,631**		253,169
Investments	9		**1**		1
			233,632		253,170
Current assets					
Stocks	10	**1,523,752**		1,448,713	
Debtors	11	**3,368,846**		2,436,140	
Cash at bank and in hand		**200,047**		397,261	
		5,092,645		4,282,114	
Creditors					
Amounts falling due within one year	12	**3,367,989**		3,252,804	
Net current assets			**1,724,656**		1,029,310
Total assets less current liabilities			**1,958,288**		1,282,480
Creditors					
Amounts falling due after more than one year	13		**129,741**		370,765
Net assets			**1,828,547**		911,715
Capital and reserves					
Called up share capital	18		**5,250,991**		5,250,991
Retained earnings	19		**(3,422,444)**		(4,339,276)
Shareholders' funds			**1,828,547**		911,715

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2023 and were signed on its behalf by:

J P Leach - Director

Statement of Changes in Equity
for the year ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	5,250,991	(5,638,804)	(387,813)
Changes in equity			
Total comprehensive income	-	1,299,528	1,299,528
Balance at 31 March 2022	5,250,991	(4,339,276)	911,715
Changes in equity			
Total comprehensive income	-	916,832	916,832
Balance at 31 March 2023	5,250,991	(3,422,444)	1,828,547

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, Motivair House Crompton Court, Attwood Road, Burntwood, Staffordshire, WS7 3GG.

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.

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the company's accounting policies, management are required to make certain estimates and judgements. The key estimates and judgements are as follows:

Depreciation and residual values
The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

Impairment of fixed assets, stock and trade debtors
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.

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

Revenue is recognised at the point when the company no longer holds the risks and rewards of ownership, which is normally when goods are delivered to customers.

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2. Accounting policies - continued

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

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stock held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Work-in-progress is valued at material cost plus direct labour overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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2. **Accounting policies - continued**

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section12 '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. A mounts 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.

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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:

	2023	2022
	£	£
United Kingdom	**12,849,259**	12,962,097
Export sales	**21,000**	51,936
	12,870,259	13,014,033

4. Employees and directors

	2023	2022
	£	£
Wages and salaries	**3,759,593**	3,691,219
Social security costs	**411,080**	368,376
Other pension costs	**150,469**	223,510
	4,321,142	4,283,105

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4. Employees and directors - continued

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

	2023	2022
Office management	**5**	5
Trading and distribution	**91**	88
	96	93

	2023 £	2022 £
Directors' remuneration	**262,239**	252,510
Directors' pension contributions to money purchase schemes	**38,077**	74,990

Information regarding the highest paid director is as follows:

	2023 £	2022 £
Emoluments etc	**249,739**	240,010
Pension contributions to money purchase schemes	**38,077**	74,990

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Other operating leases	**147,010**	134,622
Depreciation - owned assets	**81,726**	208,061
Auditors' remuneration	**19,000**	15,991

6. Interest payable and similar expenses

	2023 £	2022 £
Bank loan interest	**27,528**	37,842

7. Taxation

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

	2023 £	2022 £
Current tax:		
Research and development	**(321,847)**	(410,612)
Tax on profit	**(321,847)**	(410,612)

UK corporation tax has been charged at 19% (2022 - 19%).

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7. **Taxation - continued**

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Profit before tax	**594,985**	888,916
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	**113,047**	168,894
Effects of:		
Expenses not deductible for tax purposes	**1,128**	1,633
Capital allowances in excess of depreciation	**(7,070)**	-
Depreciation in excess of capital allowances	**-**	16,575
Research and development enhanced deduction	**(528,836)**	(725,145)
Utilisation of tax losses for research and development tax credit	**99,884**	127,431
Total tax credit	**(321,847)**	(410,612)

Factors the may effect future tax charges
The main rate of corporation tax in force at the Statement of Financial Position date was 19%. A resolution to amend the corporation tax rate from 1 April 2023 was passed on 3 March 2021, at which point the main rate of corporation tax will increase to 25%. A small profits rate of 19% for companies with profits not exceeding £50k will take effect from the same date.

The deferred taxation balance has therefore been calculated at 25%, being the rate substantively enacted at the Statement of Financial Position date.

8. **Tangible fixed assets**

	Short leasehold	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2022	**277,965**	**871,468**	**541,774**	**160,349**	**1,851,556**
Additions	**-**	**1,655**	**60,533**	**-**	**62,188**
Disposals	**(131,152)**	**-**	**-**	**-**	**(131,152)**
At 31 March 2023	**146,813**	**873,123**	**602,307**	**160,349**	**1,782,592**
Depreciation					
At 1 April 2022	**154,397**	**871,194**	**412,522**	**160,274**	**1,598,387**
Charge for year	**14,682**	**431**	**66,613**	**-**	**81,726**
Eliminated on disposal	**(131,152)**	**-**	**-**	**-**	**(131,152)**
At 31 March 2023	**37,927**	**871,625**	**479,135**	**160,274**	**1,548,961**
Net book value					
At 31 March 2023	**108,886**	**1,498**	**123,172**	**75**	**233,631**
At 31 March 2022	123,568	274	129,252	75	253,169

continued...

9. **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: Motivair House Crompton Court, Attwood Road, Burntwood, Staffs, WS7 3GG

Nature of business: Dormant

Class of shares	% holding
Ordinary	100.00

	2023	2022
£ £		
Aggregate capital and reserves	(37,759)	(37,759)
Profit/(loss) for the year	-	-

10. **Stocks**

	2023	2022
	£	£
Work in progress	**423,507**	554,893
Parts	**1,100,245**	893,820
	1,523,752	1,448,713

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

	2023	2022
	£	£
Trade debtors	**2,476,306**	1,980,983
Amounts owed by group undertakings	**384,655**	-
Other debtors	**7,679**	20,096
Tax	**321,847**	312,580
Prepayments	**178,359**	122,481
	3,368,846	2,436,140

The bad debt provision at the year-end was £44,243 (2022 £11,668).

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

	2023	2022
	£	£
Bank loans and overdrafts (see note 14)	**250,652**	710,648
Trade creditors	**1,427,131**	1,382,000
Social security and other taxes	**126,908**	125,492
VAT	**367,284**	256,307
Other creditors	**426,536**	425,765
Accruals and deferred income	**769,478**	352,592
	3,367,989	3,252,804

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

	2023	2022
	£	£
Bank loans (see note 14)	**129,741**	35,419
Amounts owed to group undertakings	-	335,346
	129,741	370,765

continued...

14. Loans

An analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year or on demand:		
Bank overdrafts	**729**	-
Bank loans	**249,923**	710,648
	250,652	710,648
Amounts falling due between one and two years:		
Bank loans - 1-2 years	**129,741**	10,648
Amounts falling due between two and five years:		
Bank loans - 2-5 years	**-**	24,771

15. Leasing agreements

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

	2023 £	2022 £
Within one year	**387,638**	358,988
Between one and five years	**612,258**	654,430
In more than five years	**3,154**	97,623
	1,003,050	1,111,041

The Company's business premises (3 sites), plus some office equipment and vehicles are leased under non-cancellable operating leases. Assets are leased for periods which are typically between three to five years. Rent is usually charged at a fixed rate over the period of the lease and is calculated by reference to either the market value of the asset or the estimated value in use of the asset.

16. Secured debts

The following secured debts are included within creditors:

	2023 £	2022 £
Bank loans	**379,664**	746,067

The above amounts were 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 fixed and floating charge over all assets and undertaking both present and future dated 22 August 2018.

The charge has been satisfied since the year-end.

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17. Financial instruments

Financial Assets and Liabilities	2023	2022
	£	£
Financial assets that are debt instruments measured at amortised cost	3,101,204	2,398,340
Financial Liabilities classified by contractual arrangement	2,234,060	2,889,178

18. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
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
			5,250,991	5,250,991

19. Reserves

	Retained earnings £
At 1 April 2022	**(4,339,276)**
Profit for the year	**916,832**
At 31 March 2023	**(3,422,444)**

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 £378,000 (2022: £350,000) to Leach-Lewis Limited, a company related by way of common directorship. Purchases from Leach-Lewis Limited in the year totalled £324,000 (2022: £324,000).

23. Ultimate controlling party

The ultimate controlling party is J P Leach.