

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31st March 2023
for
Granville Oil & Chemicals Limited

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for the Year Ended 31st March 2023

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Granville Oil & Chemicals Limited

Company Information
for the Year Ended 31st March 2023

DIRECTORS:

R N Ghosal
V S Vyas
J G Holland
A Basu

REGISTERED OFFICE:

Unit 29 Goldthorpe Industrial Estate
Goldthorpe
Rotherham
South Yorkshire
S63 9BL

REGISTERED NUMBER:

01054646 (England and Wales)

AUDITORS:

Hewson & Howson Statutory Auditors
8 Shepcote Office Village
Shepcote Lane
Sheffield
South Yorkshire
S9 1TG

Strategic Report
for the Year Ended 31st March 2023

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

The principal activity of the company in the period under review was that of the manufacture and sale of products to the automotive aftermarket.

REVIEW OF BUSINESS

The company has maintained its strong growth pattern during the financial year ended March 2023. A brand refresh in late 2022 early 2023 has been well received and it is expected that growth will be developed further in the financial year ending March 2024.

Enhancements to storage capacity, additional investment in operations and a move to 24-hour shift operations have all contributed to further efficiencies in the manufacture and distribution processes.

The company remains committed to further investment in opportunities as they arise.

The company's key financial performance indicators during the year were as follows:

	Unit	2023	2022
Turnover	£	27,922,706	21,589,080
Gross Profit Margin	%	36.69	31.40
Profit before tax	£	5,520,595	2,932,025

PRINCIPAL RISKS AND UNCERTAINTIES

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The company manages foreign currency risk by holding accounts and balances in multiple currencies. The vast majority of sales are billed in the company's base currency £sterling.

ON BEHALF OF THE BOARD:

A Basu - Director

26th May 2023

Report of the Directors
for the Year Ended 31st March 2023

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

DIVIDENDS

A final dividend of £32.00 per share on the Ordinary £1 shares was paid on 12th July 2022 in respect of the year ended 31st March 2022.

An interim dividend of £103.00 per share on the Ordinary £1 shares was paid on 28th November 2022 in respect of the year ended 31st March 2023.

An interim dividend of £50.00 per share on the Ordinary £1 shares was paid on 21st February 2023 in respect of the year ended 31st March 2023.

DIRECTORS

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

R N Ghosal
V S Vyas
J G Holland

Other changes in directors holding office are as follows:

A Basu - appointed 1st March 2023

BUSINESS RISK AND UNCERTAINTIES

The company continues to prove its ability to weather economic uncertainty. Maintaining a strong balance sheet ensures the company is well placed to adapt to all situations presented to it. Russian and Ukrainian hostilities continue but the company has mitigated its risks with further increases in storage capacity and by building stronger links in its supply chain.

Management continues to monitor its liquidity position and has undertaken a detailed assessment of company liquidity for the next year. Management has assessed the carrying value of its assets at the year end and have concluded that there are no material adjustments to be made to these financial statements. Management believes that it continues to consider all potential threats and risks to its business activities with particular emphasis on product supply. Brexit, the Covid-19 pandemic and the Russian Ukrainian conflict continue to present their challenges but the management believe all matters are in hand.

The company continues to monitor the risks and threats to its business operations and will make changes as appropriate.

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 UK-adopted international accounting standards. 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.

Report of the Directors
for the Year Ended 31st March 2023

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A Basu - Director

26th May 2023

Report of the Independent Auditors to the Members of
Granville Oil & Chemicals Limited

Opinion

We have audited the financial statements of Granville Oil & Chemicals Limited (the 'company') for the year ended 31st March 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Granville Oil & Chemicals Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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.

Report of the Independent Auditors to the Members of
Granville Oil & Chemicals Limited

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:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

Audit response to risks identified

- * the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' and senior management remuneration, bonus levels and performance targets;
- * results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- * any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- * the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and concluded that in our opinion there is no specific area of operation most at risk requiring detailed consideration. In common with all audits under IFRS, we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Health & Safety law and regulation, and all relevant tax legislation.

In addition, we considered provisions of any other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified the recoverability of trade debtors and the inventory valuation as key audit matters related to the potential risk of misstatement in the financial statements. In order to mitigate the risk identified of trade debtor recoverability our procedures included, but were not limited to, direct confirmation of year end debtor balances with customers, credit checks on customers with significant year end balances and testing of post year end receipts. With regards to the stock valuation we performed testing on the year end stock list with specific focus given to obtaining assurance over existence, valuation and future sale prospects.

Report of the Independent Auditors to the Members of
Granville Oil & Chemicals Limited

Our procedures to respond to other risks identified included the following:

- * reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- * enquiring of management concerning actual and potential litigation and claims;
- * reading minutes of meetings of those charged with governance;
- * obtaining an understanding of the basis of recognition or non-recognition of provisions through discussions with management;
- * in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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.

Ian Hewson (Senior Statutory Auditor)
for and on behalf of Hewson & Howson Statutory Auditors
8 Shepcote Office Village
Shepcote Lane
Sheffield
South Yorkshire
S9 1TG

26th May 2023

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31st March 2023

	Notes	31.3.23 £	31.3.22 £
CONTINUING OPERATIONS			
Revenue	3	27,922,706	21,589,080
Cost of sales		<u>(17,675,282)</u>	<u>(14,809,633)</u>
GROSS PROFIT		10,247,424	6,779,447
Distribution costs		<u>(958,942)</u>	<u>(693,945)</u>
Administrative expenses		<u>(3,748,885)</u>	<u>(3,135,383)</u>
OPERATING PROFIT		5,539,597	2,950,119
Finance costs	5	<u>(19,002)</u>	<u>(18,094)</u>
PROFIT BEFORE INCOME TAX	6	5,520,595	2,932,025
Income tax	7	<u>(1,057,974)</u>	<u>(612,525)</u>
PROFIT FOR THE YEAR		4,462,621	2,319,500
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR		4,462,621	2,319,500
Earnings per share expressed in pence per share:			
Basic	9	45076.98	23429.29
Diluted		<u>45076.98</u>	<u>23429.29</u>

The notes form part of these financial statements

Statement of Financial Position
31st March 2023

	Notes	31.3.23 £	31.3.22 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	10	-	-
Property, plant and equipment	11	3,911,786	3,624,290
Right-of-use			
Property, plant and equipment	11, 19	-	61,266
		<u>3,911,786</u>	<u>3,685,556</u>
CURRENT ASSETS			
Inventories	12	3,350,372	3,797,161
Trade and other receivables	13	6,040,735	5,296,134
Cash and cash equivalents	14	667,844	44,160
		<u>10,058,951</u>	<u>9,137,455</u>
TOTAL ASSETS		<u>13,970,737</u>	<u>12,823,011</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	9,900	9,900
Share premium	16	47,520	47,520
Fair value reserve	16	121,438	131,922
Retained earnings	16	8,806,428	6,164,823
TOTAL EQUITY		<u>8,985,286</u>	<u>6,354,165</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	-	3,429
Deferred tax	20	236,636	120,121
		<u>236,636</u>	<u>123,550</u>
CURRENT LIABILITIES			
Trade and other payables	17	4,253,928	4,336,035
Financial liabilities - borrowings			
Bank overdrafts	18	-	1,553,239
Interest bearing loans and borrowings	18	3,429	41,149
Tax payable		491,458	414,873
		<u>4,748,815</u>	<u>6,345,296</u>
TOTAL LIABILITIES		<u>4,985,451</u>	<u>6,468,846</u>
TOTAL EQUITY AND LIABILITIES		<u>13,970,737</u>	<u>12,823,011</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26th May 2023 and were signed on its behalf by:

Statement of Financial Position - continued
31st March 2023

A Basu - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31st March 2023

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1st April 2021	10,000	5,277,840	47,520	142,406	5,477,766
Changes in equity					
Reduction in share capital	(100)	-	-	-	(100)
Dividends	-	(1,443,001)	-	-	(1,443,001)
Total comprehensive income	-	2,329,984	-	(10,484)	2,319,500
Balance at 31st March 2022	<u>9,900</u>	<u>6,164,823</u>	<u>47,520</u>	<u>131,922</u>	<u>6,354,165</u>
Changes in equity					
Dividends	-	(1,831,500)	-	-	(1,831,500)
Total comprehensive income	-	4,473,105	-	(10,484)	4,462,621
Balance at 31st March 2023	<u>9,900</u>	<u>8,806,428</u>	<u>47,520</u>	<u>121,438</u>	<u>8,985,286</u>

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31st March 2023

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	5,676,004	1,401,022
Interest paid		(18,097)	(16,755)
Lease interest paid		(905)	(1,339)
Tax paid		(864,874)	(495,461)
Net cash from operating activities		<u>4,792,128</u>	<u>887,467</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(766,406)	(135,402)
Sale of tangible fixed assets		23,850	-
Net cash from investing activities		<u>(742,556)</u>	<u>(135,402)</u>
Cash flows from financing activities			
Payment of lease liabilities		(41,149)	(41,149)
Share buyback		-	(100)
Equity dividends paid		(1,831,500)	(1,443,001)
Net cash from financing activities		<u>(1,872,649)</u>	<u>(1,484,250)</u>
Increase/(decrease) in cash and cash equivalents		<u>2,176,923</u>	<u>(732,185)</u>
Cash and cash equivalents at beginning of year	2	(1,509,079)	(776,894)
Cash and cash equivalents at end of year	2	<u><u>667,844</u></u>	<u><u>(1,509,079)</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31st March 2023

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31.3.23	31.3.22
	£	£
Profit before income tax	5,520,595	2,932,025
Depreciation charges	453,606	391,829
Profit on disposal of fixed assets	(23,850)	-
Fixed asset reclassifications	86,570	-
Finance costs	19,002	18,094
	6,055,923	3,341,948
Decrease/(increase) in inventories	446,789	(1,499,200)
Increase in trade and other receivables	(744,601)	(1,851,449)
(Decrease)/increase in trade and other payables	(82,107)	1,409,723
Cash generated from operations	5,676,004	1,401,022

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	667,844	44,160
Bank overdrafts	-	(1,553,239)
	667,844	(1,509,079)

Year ended 31st March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	44,160	54,806
Bank overdrafts	(1,553,239)	(831,700)
	(1,509,079)	(776,894)

Notes to the Financial Statements
for the Year Ended 31st March 2023

1. STATUTORY INFORMATION

Granville Oil & Chemicals 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 preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with those parts of the Companies Act 2006 applicable to company's reporting under IFRS.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- in accordance with the property
Plant and machinery	- Straight line between 1 and 15 years
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 33% on cost

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

The company has elected to apply the provisions of IFRS 9 to all of its financial Instruments.

Inventories

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

Stocks are issued on a first in first out basis for valuation purposes.

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

2. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

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

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Currency presentation

The financial statements are presented in Sterling (£) and rounded to the nearest £1.

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

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and estimates

The preparation of financial statements under IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The following items are those that management considers to be critical due to the level of judgement and estimation required:

Inventories

Having regard to the uncertainties arising from the continuing economic consequences of national and international events, management have exercised their judgement in determining the extent to which inventories held at the balance sheet date are properly valued according to the accounting policy of making due allowance for obsolete and slow moving items. The directors have applied estimates to help them determine the extent to which such provisions have been made in these financial statements.

Trade debtors

Having regard to the uncertainties arising from the continuing economic consequences of national and international events, management have exercised their judgement in determining the extent to which amounts owed by customers at the balance sheet date are properly valued according to the accounting policy of making due provision for amounts which may not be collected. The directors have applied estimates to help them determine the extent to which such provisions have been made in these financial statements.

3. REVENUE

Revenue by geographical market

Turnover split by geographical market was as follows:

Automotive products

		2023	2022
	£		
UK		24,697,543	18,380,450
Europe		1,152,743	1,086,576
Rest of the World		<u>1,701,487</u>	<u>1,911,002</u>
		<u>27,551,773</u>	<u>21,378,028</u>

Other income

UK		370,933	211,052
		<u>27,922,706</u>	<u>21,589,080</u>

4. EMPLOYEES AND DIRECTORS

	31.3.23	31.3.22
	£	£
Wages and salaries	1,808,293	1,580,242
Social security costs	207,243	187,471
Other pension costs	37,116	33,752
	<u>2,052,652</u>	<u>1,801,465</u>

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

4. EMPLOYEES AND DIRECTORS - continued

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

	31.3.23	31.3.22
Administration and support	12	12
Sales, marketing and distribution	39	40
	<u>51</u>	<u>52</u>

	31.3.23	31.3.22
	£	£
Directors' remuneration	125,250	26,500
Directors' pension contributions to money purchase schemes	<u>3,555</u>	<u>795</u>

5. NET FINANCE COSTS

	31.3.23	31.3.22
	£	£
Finance costs:		
Bank loan interest	18,097	16,755
Hire purchase	905	1,339
	<u>19,002</u>	<u>18,094</u>

6. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	31.3.23	31.3.22
	£	£
Cost of inventories recognised as expense	17,675,282	14,809,633
Depreciation - owned assets	392,340	361,653
Depreciation - assets on hire purchase contracts	61,266	30,176
Profit on disposal of fixed assets	(23,850)	-
Auditors' remuneration	<u>12,000</u>	<u>12,000</u>

7. INCOME TAX

Analysis of tax expense

	31.3.23	31.3.22
	£	£
Current tax:		
Tax	941,459	609,413
Deferred tax	<u>116,515</u>	<u>3,112</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>1,057,974</u>	<u>612,525</u>

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

7. INCOME TAX - continued

Factors affecting the tax expense

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

	31.3.23	31.3.22
	£	£
Profit before income tax	<u>5,520,595</u>	<u>2,932,025</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,048,913	557,085
Effects of:		
Deferred tax movement	116,515	3,112
Disallowed expenses	-	19,000
Excess of capital allowances over depreciation	<u>(107,454)</u>	<u>33,328</u>
Tax expense	<u>1,057,974</u>	<u>612,525</u>

8. DIVIDENDS

	31.3.23	31.3.22
	£	£
Ordinary shares of £1 each		
Dividends paid in the year	<u>1,831,500</u>	<u>1,443,001</u>

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings	31.3.23 Weighted average number of shares	Per-share amount pence
	£		
Basic EPS			
Earnings attributable to ordinary shareholders	4,462,621	9,900	45076.98
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	<u>4,462,621</u>	<u>9,900</u>	<u>45076.98</u>

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

9. **EARNINGS PER SHARE - continued**

	Earnings £	31.3.22 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	2,319,500	9,900	23429.29
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	2,319,500	9,900	23429.29

10. **INTANGIBLE ASSETS**

	Patents and licences £
COST	
At 1st April 2022 and 31st March 2023	92,303
AMORTISATION	
At 1st April 2022 and 31st March 2023	92,303
NET BOOK VALUE	
At 31st March 2023	-
At 31st March 2022	-

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1st April 2022	3,871,339	2,115,143	90,562	127,233	6,204,277
Additions	17,129	685,909	15,610	47,758	766,406
Disposals	-	(32,000)	-	(21,650)	(53,650)
Reclassification/transfer	-	(86,570)	(10,969)	-	(97,539)
At 31st March 2023	<u>3,888,468</u>	<u>2,682,482</u>	<u>95,203</u>	<u>153,341</u>	<u>6,819,494</u>
DEPRECIATION					
At 1st April 2022	876,606	1,518,054	49,380	74,681	2,518,721
Charge for year	174,439	207,289	23,615	48,263	453,606
Eliminated on disposal	-	(32,000)	-	(21,650)	(53,650)
Reclassification/transfer	-	-	(10,969)	-	(10,969)
At 31st March 2023	<u>1,051,045</u>	<u>1,693,343</u>	<u>62,026</u>	<u>101,294</u>	<u>2,907,708</u>
NET BOOK VALUE					
At 31st March 2023	<u>2,837,423</u>	<u>989,139</u>	<u>33,177</u>	<u>52,047</u>	<u>3,911,786</u>
At 31st March 2022	<u>2,994,733</u>	<u>597,089</u>	<u>41,182</u>	<u>52,552</u>	<u>3,685,556</u>

The directors have considered the carrying value of all fixed assets as at 31st March 2023 and in their opinion the net book value of assets represents their fair value.

Cost or valuation at 31st March 2023 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	227,098	-	-	-	227,098
Cost	<u>3,661,370</u>	<u>2,682,482</u>	<u>95,203</u>	<u>153,341</u>	<u>6,592,396</u>
	<u>3,888,468</u>	<u>2,682,482</u>	<u>95,203</u>	<u>153,341</u>	<u>6,819,494</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.3.23	31.3.22
	£	£
Cost	<u>3,661,370</u>	<u>3,644,241</u>
Aggregate depreciation	<u>945,385</u>	<u>781,430</u>
Value of land in freehold land and buildings	<u>50,000</u>	<u>50,000</u>

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

12. INVENTORIES

	31.3.23	31.3.22
	£	£
Raw materials	2,053,153	2,117,525
Finished goods - processed	1,095,625	1,455,395
Finished goods - bought in	201,594	224,241
	<u>3,350,372</u>	<u>3,797,161</u>

During the year, the total write-down of inventories recognised as an expense was £877,973 (2022 £451,879). The expense recognition includes provisions for slow moving items, removal of discontinued product lines and stock costs associated with the 2022/2023 brand refresh.

13. TRADE AND OTHER RECEIVABLES

	31.3.23	31.3.22
	£	£
Current:		
Trade debtors	5,923,654	5,151,729
Other debtors	250	-
Prepayments and accrued income	116,831	144,405
	<u>6,040,735</u>	<u>5,296,134</u>

14. CASH AND CASH EQUIVALENTS

	31.3.23	31.3.22
	£	£
Cash in hand	668	1,528
Bank accounts	667,176	42,632
	<u>667,844</u>	<u>44,160</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.3.23	31.3.22
Number:	Class:	Nominal value:	£	£
9,900	Ordinary	£1	<u>9,900</u>	<u>9,900</u>

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

16. RESERVES

	Retained earnings £	Share premium £	Fair value reserve £	Totals £
At 1st April 2022	6,164,823	47,520	131,922	6,344,265
Profit for the year	4,462,621			4,462,621
Dividends	(1,831,500)			(1,831,500)
Transfer of realised profit	10,484	-	(10,484)	-
At 31st March 2023	<u>8,806,428</u>	<u>47,520</u>	<u>121,438</u>	<u>8,975,386</u>

17. TRADE AND OTHER PAYABLES

	31.3.23 £	31.3.22 £
Current:		
Trade creditors	2,785,857	3,413,688
Social security and other taxes	675,040	245,238
Accruals and deferred income	<u>793,031</u>	<u>677,109</u>
	<u>4,253,928</u>	<u>4,336,035</u>

18. FINANCIAL LIABILITIES - BORROWINGS

	31.3.23 £	31.3.22 £
Current:		
Bank overdrafts	-	1,553,239
Leases (see note 19)	<u>3,429</u>	<u>41,149</u>
	<u>3,429</u>	<u>1,594,388</u>
Non-current:		
Leases (see note 19)	<u>-</u>	<u>3,429</u>
Terms and debt repayment schedule		
		1 year or less £
Leases		<u>3,429</u>

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

18. FINANCIAL LIABILITIES - BORROWINGS - continued

Bank overdraft facilities are secured by fixed and floating charge over the assets of the company.

There is a composite company unlimited multilateral guarantee dated 12th December 2013 given by the company and Veedol UK Limited.

The bank also holds a right of set off between this company and Veedol UK Limited.

There is also a guarantee dated 7th January 2014 in favour of HM Revenue & Customs for £50,000 in connection with standard terms of import tariffs.

19. LEASING

Right-of-use assets

Property, plant and equipment

	31.3.23	31.3.22
	£	£
COST		
At 1st April 2022	<u>228,605</u>	<u>228,605</u>
DEPRECIATION		
At 1st April 2022	167,339	137,163
Charge for year	<u>61,266</u>	<u>30,176</u>
	<u>228,605</u>	<u>167,339</u>
NET BOOK VALUE	<u>-</u>	<u>61,266</u>

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

19. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	31.3.23	31.3.22
	£	£
Gross obligations repayable:		
Within one year	3,541	42,488
Between one and five years	-	3,541
	<u>3,541</u>	<u>46,029</u>
Finance charges repayable:		
Within one year	112	1,339
Between one and five years	-	112
	<u>112</u>	<u>1,451</u>
Net obligations repayable:		
Within one year	3,429	41,149
Between one and five years	-	3,429
	<u>3,429</u>	<u>44,578</u>

The hire purchase creditor is secured over the individual items of plant & machinery to which it relates.

20. DEFERRED TAX

	31.3.23	31.3.22
	£	£
Balance at 1st April	120,121	117,009
Accelerated capital allowances	116,515	3,112
Balance at 31st March	<u>236,636</u>	<u>120,121</u>

The entire deferred tax liability represents accelerated capital allowances. The rate used to calculate deferred tax is 25% in order to reflect the change in UK tax legislation which is due to take effect in April 2023.

21. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Veedol UK Limited. The ultimate parent company is Tide Water Oil Co. (India) Ltd.

22. CAPITAL COMMITMENTS

At the balance sheet date there was no capital expenditure commitment that was contracted for but not provided in these financial statements.

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

23. RELATED PARTY DISCLOSURES

During the year the company paid dividends to Veedol UK Limited (VUK) amounting to £1,831,500 (2022: £1,443,001).

The company also charged VUK £12,000 (2022: £14,400) in respect of consultancy services, £178,362 (2022: £167,796) in respect of materials, £6,642 (2022: £nil) in respect of payroll costs and was charged £5,135 (2022: £nil) in respect of loan interest.. At the balance sheet date VUK owed the company £nil (2022: £nil).

The company charged Veedol International Limited (VIL) £4,000 (2022: £60,854) in respect of consultancy services. At the balance sheet date VIL owed the company £nil (2022: £nil). The company was charged by VIL £15,826 (2022: £24,747) in respect of royalties. At the balance sheet date the company owed VIL £122 (2022: £14,056).

The company was charged by Gemma Holland, wife of director James Holland, £26,750 (2022: £17,500) in respect of marketing services.

The company was charged by Garry Holland, father of director James Holland, £39,300 (2022: £39,000) in respect of consultancy services.

The company charged Veedol Deutschland GMBH (VDG) £10,455 (2022: £12,572) in respect of consultancy services. At the balance sheet date VDG owed the company £nil (2022: £nil).

The company charged Veedol International DMCC (VID) £321,912 (2022: £756,616) in respect of materials. At the balance sheet date VID owed the company £54,672 (2022: £106,305).

The company was charged by Tidewater India (TWO) £189 (2022: £189) for travel expenses. At the balance sheet date the company owed TWO £nil (2022: £nil).

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