

Registration number: 01150600

Westley Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2022

Walker Hubble
5 Parsons Street
Dudley
West Midlands
DY1 1JJ

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Westley Group Limited

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Westley Group Limited

Company Information

Directors

Mr Michael James Richards
Mr James Michael Salisbury
Mr Robert John Salisbury
Mr Thomas Philip Westley DL

Registered office

Doulton Road
Cradley Heath
West Midlands
B64 5QS

Bankers

HSBC UK Bank Plc
1 Centenary Square
Birmingham
B1 1HQ

Auditors

Walker Hubble
5 Parsons Street
Dudley
West Midlands
DY1 1JJ

Westley Group Limited

Strategic Report for the Year Ended 30 June 2022

The directors present their strategic report for the year ended 30 June 2022.

Principal activity

The principal activity of the Company continues to be as a UK specialist engineering holding company which manages and co-ordinates the activities of its subsidiary undertakings, Spunalloys Limited, Meighs & Westleys Limited, Francis W Birkett & Sons Limited, Walter Frank and Sons Limited, and J Roberts Bronze Components Limited.

Westley Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Fair review of the business

The year ending 30th June 2022 was another satisfactory year for the Group, with the consolidated businesses generating an EBITDA of £2.9m. This performance was a slight improvement on the prior year and continues with the consistently stable and reliable profit model the Group has established.

All the Group's manufacturing centres of excellence made a positive contribution in what was still a challenging macro-economic environment as all businesses began to operate on a more "normal" basis post the Covid-19 pandemic. Spunalloys and Walter Frank enjoyed excellent starts to the financial year on the back of entering the year with strong order books, with Spunalloys in particular experiencing a large growth in its export order intake. Meighs and Westleys found this year challenging as delays to some of the naval defence programs presented a problem with available work until the last quarter of the financial year when contracts were released for manufacture. The directors have specifically structured the business to ensure market and customer diversification within the Group, which meant that the consolidated trading throughout the period was stable with moderate peaks in one area compensating for moderate troughs in another.

The Group has proactively managed an unprecedented change in metal/alloy prices this financial year, with one of the Group's core alloys rising in price during the financial year by 60% whereas in the previous three years the price had fluctuated within a region of plus or minus 10%. This increase in metal cost has been a factor in the Group's increased revenue in the financial year as the increased cost was passed on through the supply chain. Whilst the Group has strategies in place to manage metal cost variations, such an unprecedented rise in prices reduced the contribution achieved on some specific contracts with longer manufacturing periods during this financial year. Metal prices have stabilised in recent times which will reduce their impact on contribution in the forthcoming financial year.

The Group continued to invest in its infrastructure during the financial year, investing £2.1m in strategic capital items. Investment at one of the Group's sites, completed during this financial year, has further enabled the Group to handle contracts with the highest levels of national security. This further emphasises the importance of the Group to the UK naval defence supply chain and also provides it with transferable competencies to support other supply chains around the globe which require contracts to be handled in a classified manner. During the financial year the Group made further progress in developing links to the US naval supply chain and working alongside NAVSEA it has become an authorised supplier of certain components to the US Naval supply chain, one of only a few businesses in the world to hold this authority. This will provide further opportunities for increased business for the Group in the wider NAVSEA supply chain in the years to come.

The recent investments made in machine tools by the Group in both the current year and previous year has also led to an improvement in revenues from strategic machining activities, which increased by 15% in this financial year. This is viewed as a key area of opportunity for the Group, increasing barriers to entry and offering an unique supply solution to global supply chains.

£2.5m of cash was generated from operations during the year and after capital expenditure of £2.1m and the impact of financing costs and investment activities, the Group's borrowing at the end of the year were £2.5m. The Group's net assets of £17.5m thus mean it has a healthy gearing ratio of 14%.

The Group continues to invest across all aspects of the businesses in research and development, collaborating with stakeholders to provide difficult alloy component solutions to meet the needs of its customers.

During the year, the Group has pledged a commitment to becoming carbon neutral by 2040. This includes a commitment to plant one million trees in the period to 2040 to offset the Group's carbon production. Collaborating with our partner company, Ecologi, each month we are building further towards this pledge.

Westley Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

The Directors look forward to the businesses within the Group continuing with the stable profit generation in the forthcoming financial year. It is expected that a more buoyant naval defence market, the strategic investments the Group has made in providing manufacturing environments capable of delivering contracts of a classified nature, and obtaining approvals for the US supply chain, will provide opportunities for further market penetration and improved profitability. Furthermore, through continued investment in the Group's machining offering, the Directors foresee further growth in partnership with its customers by enhancing its ability to be trusted to provide even more challenging special alloy component solutions.

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

	Unit	2022	2021
Turnover	£	33,182,306	26,250,974
Turnover per employee	£	116,429	95,112
Gross Profit	£	8,333,836	7,564,703
Gross Profit %	%	25	29
EBITDA (before exceptional items)	£	2,925,838	2,779,439
EBITDA %	%	9	11

Principal risks and uncertainties

The management continually monitors the key risks factors facing the business as well as assessing the controls used for managing these risks.

The Company's demand is influenced by external factors within the marketplaces it serves. For example, demand within the oil and gas market, one of the markets the business serves, is materially linked to the price of oil, which fluctuates for lots of reasons including geo-political factors. The business adopts a diversified approach serving several different geographic and industry markets which manages the risk of exposure to demand fluctuations in one specific market.

A significant proportion of the Company's turnover is to export markets. Fluctuating exchange rates therefore provide the business with competitive advantages and disadvantages depending upon the relative strength of the pound. This area of risk is also managed through appropriate use of exchange rate hedging strategies.

The metal content of the Group's product exposes it to fluctuations in metal prices. The Group manages this by purchasing strategies and sales contracts linked to material prices.

The Group's operations involve the typical health and safety hazards inherent in manufacturing and business operations. The company is subject to numerous laws and regulations relating to health and safety around the world. Hazards are managed by risk assessments and introducing appropriate controls, as well as attending relevant Health and Safety training courses.

Approved and authorised by the Board on 17 January 2023 and signed on its behalf by:



Mr Michael James Richards
Director

Westley Group Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors of the group

The directors who held office during the year were as follows:

Mr Michael James Richards

Mr James Michael Salisbury

Mr Robert John Salisbury

Mr Thomas Philip Westley DL

Financial instruments

Objectives and policies

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk:

The group is exposed to commodity price risk. The group manages its risk to commodity price risk where it is considered financially appropriate, presently this is only in respect of metal purchasing.

Credit risk:

The group's principal financial assets are bank balances and cash, trade and other receivables.

The group's credit risk is primarily attributed to trade receivables. The amounts presented in the balance sheet are net of doubtful receivables. An allowance is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk:

The group has funded and intends to continue funding its ongoing operations and future developments through cash generated from operating activities and secured bank borrowings.

Cash flow risk:

The group is not significantly exposed to the financial risks of foreign currency exchange rates. Interest bearing assets are held at fixed rates to ensure certainty of cash flow.

Employment of disabled persons

The Group gives full and fair consideration to employment applications from disabled persons. Where an employee becomes disabled, arrangements are made wherever practical to continue employment by identifying an available job suited to the person's capabilities and providing any necessary retraining.

Employee involvement

The Directors involve and inform the Group's employees as much as possible within regulatory constraints. The Directors communicate on a quarterly basis through core briefing updates to the employees to promote awareness of current progress and developments within the Group. Given the geographical spread and diverse operations of the Group each site will receive more specific communications from the relevant management of their operations on a more regular basis.

Westley Group Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Environmental report and Governance

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Westley Group considers respect for the environment as a core value of the Group. The Group has an approved environmental policy which sets out the guiding principles which all of its subsidiaries must adopt and observe. Under this policy the Group pursues clear strategic goals, taking into account the available technologies and resources, with the aim of progressively improving its environmental performance.

Environmental matters

Westley Group considers respect for the environment as a core value of the Group. The Group has an approved environmental policy which sets out the guiding principles which all of its subsidiaries must adopt and observe. Under this policy the Group pursues clear strategic goals, taking into account the available technologies and resources, with the aim of progressively improving its environmental performance.

The Group has committed to being carbon neutral by 2040 and is taking steps necessary to reach this target.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors Walker Hubble are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 17 January 2023 and signed on its behalf by:



Mr Michael James Richards
Director

Westley Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Westley Group Limited

Independent Auditor's Report to the Members of Westley Group Limited

Opinion

We have audited the financial statements of Westley Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, 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 group's and the parent company's affairs as at 30 June 2022 and of the group's 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 auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Westley Group Limited

Independent Auditor's Report to the Members of Westley Group Limited (continued)

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non compliance with laws and regulations. Our procedures included enquiry of management and performing analytical review procedures to identify any unusual relationships that may indicate a material misstatement. We also tested the appropriateness of journals to address the risk of fraud through management override of controls. We performed appropriate testing in respect of the risk of fraud in revenue recognition through a review of margins, sales cut off procedures and by performing existence and valuation testing on trade debtors.

Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to remain alert to any indication of fraud or non compliance with laws and regulations throughout the audit.

Westley Group Limited

Independent Auditor's Report to the Members of Westley Group Limited (continued)

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 auditor's report.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Westley Group Limited

Independent Auditor's Report to the Members of Westley Group Limited (continued)

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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gavin R Pearson (Senior Statutory Auditor)
For and on behalf of Walker Hubble, Statutory Auditor

5 Parsons Street
Dudley
West Midlands
DY1 1JJ

17 January 2023

Westley Group Limited

Consolidated Profit and Loss Account for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Turnover	3	33,182,306	26,250,974
Cost of sales		<u>(24,848,470)</u>	<u>(18,686,271)</u>
Gross profit		8,333,836	7,564,703
Administrative expenses		(6,719,652)	(6,479,993)
Other operating income	4	<u>360</u>	<u>467,595</u>
Operating profit	6	<u>1,614,544</u>	<u>1,552,305</u>
Other interest receivable and similar income	8	522	414
Interest payable and similar expenses	9	<u>(123,139)</u>	<u>(120,457)</u>
		<u>(122,617)</u>	<u>(120,043)</u>
Profit before tax		1,491,927	1,432,262
Tax on profit	13	<u>311,244</u>	<u>1,055,887</u>
Profit for the financial year		<u>1,803,171</u>	<u>2,488,149</u>
Profit/(loss) attributable to:			
Owners of the company		<u>1,803,171</u>	<u>2,488,149</u>

The above results were derived from continuing operations.

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2022

	2022 £	2021 £
Profit for the year	1,803,171	2,488,149
Revaluation reserve realised	5,262	1,058,746
Goodwill on Consolidation	(17,732)	(17,732)
Remeasurement gain/loss on defined benefit pension schemes	158,000	129,000
	<u>145,530</u>	<u>1,170,014</u>
Total comprehensive income for the year	<u>1,948,701</u>	<u>3,658,163</u>
Total comprehensive income attributable to:		
Owners of the company	<u>1,948,701</u>	<u>3,658,163</u>

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

(Registration number: 01150600)

Consolidated Balance Sheet as at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	162,802	158,543
Tangible assets	15	10,373,653	9,559,025
		<u>10,536,455</u>	<u>9,717,568</u>
Current assets			
Stocks	17	10,060,761	9,342,936
Debtors	18	9,349,435	7,422,405
Cash at bank and in hand	19	2,112,331	378,532
		<u>21,522,527</u>	<u>17,143,873</u>
Creditors: Amounts falling due within one year	20	<u>(10,990,235)</u>	<u>(8,596,466)</u>
Net current assets		<u>10,532,292</u>	<u>8,547,407</u>
Total assets less current liabilities		<u>21,068,747</u>	<u>18,264,975</u>
Creditors: Amounts falling due after more than one year	20	<u>(3,694,725)</u>	<u>(2,411,494)</u>
Net assets excluding pension asset/(liability)		<u>17,374,022</u>	<u>15,853,481</u>
Net pension asset/(liability)	21	<u>101,250</u>	<u>(54,000)</u>
Net assets		<u><u>17,475,272</u></u>	<u><u>15,799,481</u></u>
Capital and reserves			
Called up share capital	22	60,646	60,646
Share premium reserve		52,419	52,419
Capital redemption reserve		3,484,605	3,484,605
Revaluation reserve		2,055,727	2,059,725
Profit and loss account		<u>11,821,875</u>	<u>10,142,086</u>
Equity attributable to owners of the company		<u>17,475,272</u>	<u>15,799,481</u>
Total equity		<u><u>17,475,272</u></u>	<u><u>15,799,481</u></u>

Approved and authorised by the Board on 17 January 2023 and signed on its behalf by:

.....
Mr James Michael Salisbury
Director

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

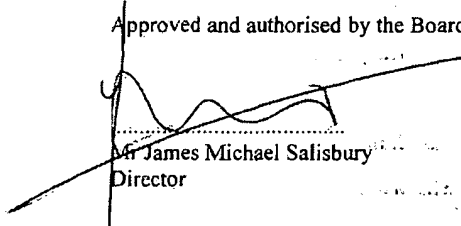
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Balance Sheet as at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	3,916,000	3,970,000
Investments	16	<u>10,567,516</u>	<u>10,567,516</u>
		<u>14,483,516</u>	<u>14,537,516</u>
Current assets			
Debtors	18	449,136	499,108
Cash at bank and in hand	19	<u>239,477</u>	<u>237,704</u>
		688,613	736,812
Creditors: Amounts falling due within one year	20	<u>(7,353,073)</u>	<u>(8,025,692)</u>
Net current liabilities		<u>(6,664,460)</u>	<u>(7,288,880)</u>
Total assets less current liabilities		7,819,056	7,248,636
Creditors: Amounts falling due after more than one year	20	<u>(2,970,000)</u>	<u>(1,981,667)</u>
Net assets		<u>4,849,056</u>	<u>5,266,969</u>
Capital and reserves			
Called up share capital	22	60,646	60,646
Share premium reserve		52,419	52,419
Capital redemption reserve		3,484,605	3,484,605
Revaluation reserve		2,009,530	2,018,790
Profit and loss account		<u>(758,144)</u>	<u>(349,491)</u>
Shareholders' funds		<u>4,849,056</u>	<u>5,266,969</u>

The company made a loss after tax for the financial year of £145,004 (2021 - loss of £182,179).

Approved and authorised by the Board on 17 January 2023 and signed on its behalf by:


Mr James Michael Salisbury
Director

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022
Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £	Total equity £
At 1 July 2021	60,646	52,419	3,484,605	2,059,725	10,142,086	15,799,481	15,799,481
Profit for the year	-	-	-	-	1,803,170	1,803,170	1,803,170
Other comprehensive income	-	-	-	(3,998)	149,528	145,530	145,530
Total comprehensive income	-	-	-	(3,998)	1,952,698	1,948,700	1,948,700
Dividends	-	-	-	-	(272,909)	(272,909)	(272,909)
At 30 June 2022	60,646	52,419	3,484,605	2,055,727	11,821,875	17,475,272	17,475,272
	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £	Total equity £
At 1 July 2020	60,646	52,419	3,484,605	1,010,239	8,346,071	12,953,980	12,953,980
Profit for the year	-	-	-	-	2,488,149	2,488,149	2,488,149
Other comprehensive income	-	-	-	1,049,486	120,528	1,170,014	1,170,014
Total comprehensive income	-	-	-	1,049,486	2,608,677	3,658,163	3,658,163
Dividends	-	-	-	-	(812,662)	(812,662)	(812,662)
At 30 June 2021	60,646	52,419	3,484,605	2,059,725	10,142,086	15,799,481	15,799,481

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2021	60,646	52,419	3,484,605	2,018,790	(349,491)	5,266,969
Loss for the year	-	-	-	-	(145,004)	(145,004)
Other comprehensive income	-	-	-	(9,260)	9,260	-
Total comprehensive income	-	-	-	(9,260)	(135,744)	(145,004)
Dividends	-	-	-	-	(272,909)	(272,909)
At 30 June 2022	60,646	52,419	3,484,605	2,009,530	(758,144)	4,849,056
	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2020	60,646	52,419	3,484,605	1,119,857	636,090	5,353,617
Loss for the year	-	-	-	-	(182,179)	(182,179)
Other comprehensive income	-	-	-	898,933	9,260	908,193
Total comprehensive income	-	-	-	898,933	(172,919)	726,014
Dividends	-	-	-	-	(812,662)	(812,662)
At 30 June 2021	60,646	52,419	3,484,605	2,018,790	(349,491)	5,266,969

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,803,171	2,488,149
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	1,315,294	1,225,305
Profit on disposal of tangible assets	5	(4,000)	(165)
Finance income	8	(522)	(414)
Finance costs	9	123,139	120,457
Income tax expense	13	(311,244)	(1,055,887)
		2,925,838	2,777,445
Working capital adjustments			
Increase in stocks	17	(717,825)	(2,961,905)
(Increase)/decrease in trade debtors	18	(1,894,456)	559,855
Increase in trade creditors	20	1,881,444	1,090,291
Decrease in retirement benefit obligation net of actuarial changes	21	(49,000)	(50,000)
Increase in deferred income, including government grants		-	7,600
Cash generated from operations		2,146,001	1,423,286
Income taxes received	13	330,420	863,037
Net cash flow from operating activities		2,476,421	2,286,323
Cash flows from investing activities			
Interest received		522	414
Acquisitions of tangible assets		(2,120,359)	(980,472)
Proceeds from sale of tangible assets		9,263	164
Acquisition of intangible assets	14	(31,556)	(6,216)
Net cash flows from investing activities		(2,142,130)	(986,110)
Cash flows from financing activities			
Interest paid	9	(123,139)	(120,457)
Proceeds from bank borrowing draw downs		3,300,000	(203,333)
Repayment of bank borrowing		(2,295,000)	-
Proceeds from new finance lease draw downs		684,000	-
Payments to finance lease creditors		(285,582)	(271,616)
Dividends paid		(272,909)	(812,662)
Net cash flows from financing activities		1,007,370	(1,408,068)
Net increase/(decrease) in cash and cash equivalents		1,341,661	(107,855)
Cash and cash equivalents at 1 July		378,532	486,387
Cash and cash equivalents at 30 June		1,720,193	378,532

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		(145,004)	(182,179)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	54,000	54,000
Finance costs		70,510	61,465
Income tax expense	13	(24,724)	(66,730)
		(45,218)	(133,444)
Working capital adjustments			
Decrease in trade debtors	18	74,696	489,929
Increase in trade creditors	20	155,292	625,197
Cash generated from operations		184,770	981,682
Income taxes received	13	-	469,673
Net cash flow from operating activities		184,770	1,451,355
Cash flows from financing activities			
Interest paid		(70,510)	(61,465)
Proceeds from bank borrowing draw downs		3,300,000	-
Repayment of bank borrowing		(2,295,001)	(203,333)
Dividends paid		(272,909)	(812,662)
Net cash flows from financing activities		661,580	(1,077,460)
Net increase in cash and cash equivalents		846,350	373,895
Cash and cash equivalents at 1 July		(606,873)	(980,768)
Cash and cash equivalents at 30 June		239,477	(606,873)

The notes on pages 20 to 47 form an integral part of these financial statements.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Doulton Road
Cradley Heath
West Midlands
B64 5QS

These financial statements were authorised for issue by the Board on 17 January 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2022.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Government grants

Government Grants, including COVID-19 support grants, are credited to the Statement of Profit and Loss and Other Comprehensive Income in the financial period in which they have been received so as to match them with the expenditure to which they relate.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Other grants

The MOD is providing support over the lifetime of contracts towards the cost of specialised equipment. The grants are credited to the Statement of Profit and Loss and Other Comprehensive Income over the life of the contracts.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Land

Buildings

Leasehold buildings

Plant and machinery

Fixtures, Fittings and Equipment

Motor Vehicles

Depreciation method and rate

No depreciation

Over 50 years

Straight line over the life of the lease

Over 4 to 10 years

Over 4 to 10 years

Over 4 years

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class

Patents

Amortisation method and rate

write off the cost in equal annual instalments over their estimated useful life of 5 years.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

The group operates a defined benefit pension scheme. Amounts in respect of current and past services costs are recognised as an employment expense within operating profit. Expected returns of the scheme and interest on the present value of the schemes liabilities are included net within other interest payable or receivable. All actuarial movements of the pension surplus/deficit are recognised through the Statement of Consolidated Income.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

3 Turnover

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	<u>33,182,306</u>	<u>26,250,974</u>

The analysis of the group's Turnover for the year by market is as follows:

	2022	2021
	£	£
UK	25,397,350	20,584,586
Europe	4,191,361	2,725,798
Rest of world	<u>3,593,595</u>	<u>2,940,590</u>
	<u>33,182,306</u>	<u>26,250,974</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants	-	466,995
Rental income	<u>360</u>	<u>600</u>
	<u>360</u>	<u>467,595</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2022	2021
	£	£
Gain on disposal of Tangible assets	<u>4,000</u>	<u>165</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	1,305,730	1,218,040
Amortisation expense	9,564	7,265
Operating lease expense - property	187,000	147,226
Operating lease expense - plant and machinery	204,018	224,872
Profit on disposal of property, plant and equipment	<u>(4,000)</u>	<u>(165)</u>

7 Government grants

Government Grants including COVID-19 support grants are credited to the Statement of Profit and Loss and Other Comprehensive Income in the financial period in which they are received so as to match them with expenditure to which they relate.

The MOD is providing support over the lifetime of contracts towards the cost of specialised equipment for use on their contracts.

The amount of grants recognised in the financial statements was £Nil (2021 - £466,995).

8 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	<u>522</u>	<u>414</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	70,510	61,465
Interest on obligations under finance leases and hire purchase contracts	20,541	26,694
Other finance costs	<u>32,088</u>	<u>32,298</u>
	<u>123,139</u>	<u>120,457</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	8,736,522	8,054,175
Social security costs	761,567	694,175
Pension costs, defined contribution scheme	292,050	276,989
Other employee expense	140,436	185,055
	<u>9,930,575</u>	<u>9,210,394</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	231	223
Administration and support	54	53
	<u>285</u>	<u>276</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	33,047	48,317
Contributions paid to money purchase schemes	-	850
	<u>33,047</u>	<u>49,167</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	-	1

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	<u>28,332</u>	<u>31,028</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

12 Auditors' remuneration

	2022	2021
	£	£
Audit of these financial statements	<u>27,320</u>	<u>28,175</u>
Other fees to auditors		
Taxation compliance services	9,130	7,815
All other assurance services	<u>11,074</u>	<u>8,941</u>
	<u>20,204</u>	<u>16,756</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	(427,257)	(330,419)
UK corporation tax adjustment to prior periods	-	(393,365)
	<u>(427,257)</u>	<u>(723,784)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	88,170	(193,217)
Arising from changes in tax rates and laws	27,843	(138,886)
Total deferred taxation	<u>116,013</u>	<u>(332,103)</u>
Tax receipt in the income statement	<u>(311,244)</u>	<u>(1,055,887)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,491,927</u>	<u>1,432,262</u>
Corporation tax at standard rate	283,466	272,130
Decrease from effect of different UK tax rates on some earnings	-	(186,604)
Effect of revenues exempt from taxation	(1,386,607)	(1,220,522)
Effect of expense not deductible in determining taxable profit (tax loss)	621,198	533,331
Effect of tax losses	559,853	394,765
Deferred tax expense/(credit) relating to changes in tax rates or laws	27,843	(138,886)
Decrease from effect of tax incentives	-	(393,366)
Deferred tax expense from unrecognised tax loss or credit	-	3,424
Tax increase from effect of capital allowances and depreciation	10,260	10,260
Tax decrease from effect of adjustment in research and development tax credit	<u>(427,257)</u>	<u>(330,419)</u>
Total tax credit	<u>(311,244)</u>	<u>(1,055,887)</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

14 Intangible assets

Group

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 July 2021	354,637	63,439	418,076
Additions acquired separately	-	31,556	31,556
At 30 June 2022	354,637	94,995	449,632
Amortisation			
At 1 July 2021	212,784	46,749	259,533
Amortisation charge	17,732	9,565	27,297
At 30 June 2022	230,516	56,314	286,830
Carrying amount			
At 30 June 2022	124,121	38,681	162,802
At 30 June 2021	141,853	16,690	158,543

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Tangible assets

Group

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2021	4,820,000	1,899,382	13,535,422	159,641	20,414,445
Revaluations	5,262	-	-	-	5,262
Additions	366	669,539	1,434,464	15,990	2,120,359
Disposals	(5,263)	-	(27,000)	-	(32,263)
At 30 June 2022:	4,820,365	2,568,921	14,942,886	175,631	22,507,803
Depreciation					
At 1 July 2021	-	1,214,619	9,547,874	92,927	10,855,420
Charge for the year	62,985	184,028	1,039,528	19,189	1,305,730
Eliminated on disposal	-	-	(27,000)	-	(27,000)
At 30 June 2022	62,985	1,398,647	10,560,402	112,116	12,134,150
Carrying amount					
At 30 June 2022	4,757,380	1,170,274	4,382,484	63,515	10,373,653
At 30 June 2021	4,820,000	684,763	3,987,548	66,714	9,559,025

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Tangible assets (continued)

Included within the net book value of land and buildings above is £4,757,381 (2021 - £4,820,000) in respect of freehold land and buildings.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Tangible assets (continued)

Revaluation

The fair value of the group's land and buildings was revalued on 16 July 2021 by an independent valuer.

The basis of this valuation was in accordance with RICS Valuation - Global Standards.

The valuation of these properties was on the basis of Fair Value assuming that the properties would be sold as part of the continuing business.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £2,407,645 (2021 - £2,457,732).

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022	2021
	£	£
Plant and Machinery	1,405,719	921,074
Motor Vehicles	4,316	10,790
	<u>1,410,035</u>	<u>931,864</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Tangible assets (continued)

Company

	Land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 July 2021	3,970,000	3,093	3,973,093
At 30 June 2022	3,970,000	3,093	3,973,093
Depreciation			
At 1 July 2021	-	3,093	3,093
Charge for the year	54,000	-	54,000
At 30 June 2022	54,000	3,093	57,093
Carrying amount			
At 30 June 2022	3,916,000	-	3,916,000
At 30 June 2021	3,970,000	-	3,970,000

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 Tangible assets (continued)

Included within the net book value of land and buildings above is £3,916,000 (2021 - £3,212,920 in respect of freehold land and buildings).

16 Investments

Company

	2022	2021
	£	£
Investments in subsidiaries	<u>10,567,516</u>	<u>10,567,516</u>

Subsidiaries

£

Cost or valuation

At 1 July 2021 &
30 June 2019

10,567,516

Carrying amount

At 30 June 2022

10,567,516

At 30 June 2021

10,567,516

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

16 Investments (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Francis W Birkett & Sons Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
Walter Frank & Sons Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
J Roberts Bronze Components Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
Meighs & Westleys Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
Spunalloys Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
Sweetmore Engineering Holdings Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
Westleys Limited	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

16 Investments (continued)

Meighs Ltd	Doulton Road Cradley Heath West Midlands B64 5QS England	Ordinary Shares	100%	100%
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Subsidiary undertakings

Francis W Birkett & Sons Limited

The principal activity of Francis W Birkett & Sons Limited is the manufacture and sale of non ferrous components.

Walter Frank & Sons Limited

The principal activity of Walter Frank & Sons Limited is the manufacturing of engineered castings and fire fighting equipment.

J Roberts Bronze Components Limited

The principal activity of J Roberts Bronze Components Limited is a property rental company.

Meighs & Westleys Limited

The principal activity of Meighs & Westleys Limited is the manufacture and sale of ferrous and non ferrous castings and provision of finished machining activities.

Spunalloys Limited

The principal activity of Spunalloys Limited is the manufacture and sale of ferrous and non ferrous centrifugal castings and provision of finished machining activities.

Sweetmore Engineering Holdings Limited

The principal activity of Sweetmore Engineering Holdings Limited is non-trading.

Westleys Limited

The principal activity of Westleys Limited is non-trading.

Meighs Ltd

The principal activity of Meighs Ltd is non-trading.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	5,023,031	3,216,571	-	-
Work in progress	3,546,192	4,925,251	-	-
Finished goods and goods for resale	1,491,538	1,201,114	-	-
	<u>10,060,761</u>	<u>9,342,936</u>	<u>-</u>	<u>-</u>

Group

The carrying amount of stocks pledged as security for liabilities amounted to £10,060,761 (2021 - £9,342,936).

18 Debtors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Trade debtors		6,488,655	4,923,483	-	-
Amounts owed by related parties	27	435,198	445,150	225,965	282,522
Other debtors		421,783	186,005	44,367	79,075
Prepayments		846,515	743,057	29,164	12,595
Deferred tax assets	13	730,028	794,290	149,640	124,916
Income tax asset	13	427,257	330,420	-	-
		<u>9,349,436</u>	<u>7,422,405</u>	<u>449,136</u>	<u>499,108</u>
Less non-current portion		<u>(730,028)</u>	<u>(794,290)</u>	<u>(149,640)</u>	<u>(124,916)</u>
		<u>8,619,408</u>	<u>6,628,115</u>	<u>299,496</u>	<u>374,192</u>

Details of non-current trade and other debtors

Group

£730,028 (2021 - £794,290) of Deferred Tax Asset is classified as non current. The Deferred Tax Asset relates to trading losses that are available for offset against future trading profits.

Company

£149,640 (2021 - £124,916) of Deferred Tax Assets is classified as non current.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

19 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	1,260	957	-	-
Cash at bank	2,111,071	377,575	239,477	237,704
	2,112,331	378,532	239,477	237,704
Bank overdrafts	(392,138)	-	-	(844,577)
Cash and cash equivalents in statement of cash flows	<u>1,720,193</u>	<u>378,532</u>	<u>239,477</u>	<u>(606,873)</u>

20 Creditors

		Group		Company	
		2022	2021	2022	2021
	Note	£	£	£	£
Due within one year					
Loans and borrowings	23	913,222	400,897	220,000	1,047,911
Trade creditors		6,300,063	5,260,424	6,988	11,438
Amounts due to related parties	27	-	-	6,835,044	6,545,845
Social security and other taxes		596,320	482,375	11,434	10,537
Outstanding defined contribution pension costs		51,413	49,492	3,489	3,110
Other payables		719,153	1,144,416	160,268	156,809
Accruals		1,836,632	685,430	115,510	249,702
Income tax liability	13	340	340	340	340
Deferred income		573,092	573,092	-	-
		<u>10,990,235</u>	<u>8,596,466</u>	<u>7,353,073</u>	<u>8,025,692</u>
Due after one year					
Loans and borrowings	23	<u>3,694,725</u>	<u>2,411,494</u>	<u>2,970,000</u>	<u>1,981,667</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £292,050 (2021 - £276,989).

Contributions totalling £51,412 (2021 - £49,493) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

J Roberts Bronze Components Ltd Pension and Assurance Scheme

The group operates a pension scheme providing employees of J Roberts Bronze Components Ltd benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

The date of the most recent comprehensive actuarial valuation was 23 September 2022. The valuation was undertaken to meet the requirements of the accounting standard FRS 102 issued by the UK Accounting standards Board.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £1,000 (2021 - £4,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2021 - £-).

The most recent Actuarial Valuation was at 30th June 2022. The valuation was prepared by Sarah Elwine MIA of Broadstone Pensions Ltd..

The policy transactions statement for the scheme year ending 30th June 2022 showed the Policy Market Value at the end of the period amounted to £996,000.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £	2021 £
Fair value of scheme assets	996,000	1,029,000
Present value of defined benefit obligation	(861,000)	(1,101,000)
	135,000	(72,000)
Other amounts not recognised in the balance sheet	(33,750)	18,000
Defined benefit pension scheme surplus/(deficit)	101,250	(54,000)

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

21 Pension and other schemes (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022 £
Present value at start of year	1,101,000
Interest cost	21,000
Actuarial gains and losses	(249,000)
Remeasurement gain/(losses) on defined benefit obligations	4,000
Benefits paid	(16,000)
Present value at end of year	<u>861,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £
Fair value at start of year	1,029,000
Interest income	20,000
Remeasurement gains/(losses) on assets	(87,000)
Employer contributions	50,000
Benefits paid	(16,000)
Fair value at end of year	<u>996,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £	2021 £
Cash and cash equivalents	74,000	99,000
Equity instruments	384,000	412,000
Property	96,000	87,000
Investment funds	442,000	431,000
	<u>996,000</u>	<u>1,029,000</u>

Return on scheme assets

	2022 £	2021 £
Return on scheme assets	<u>67,000</u>	<u>96,000</u>

The pension scheme has not invested in any of the group's own financial instruments or in properties or other assets used by the group.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

21 Pension and other schemes (continued)

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	3.75	1.90
Future pension increases	2.50	2.50
Inflation (RPI)	<u>3.40</u>	<u>3.40</u>

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	24.00	24.00
Current UK pensioners at retirement age - female	<u>10.00</u>	<u>10.00</u>

22 Share capital

Allotted, called up and fully paid shares

	2022 No.	£	2021 No.	£
Ordinary Shares of £0.10 each	<u>606,464</u>	<u>60,646</u>	<u>606,464</u>	<u>60,646</u>

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

23 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	2,970,000	1,981,667	2,970,000	1,981,667
Hire purchase contracts	724,725	429,827	-	-
	<u>3,694,725</u>	<u>2,411,494</u>	<u>2,970,000</u>	<u>1,981,667</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	220,000	203,334	220,000	203,334
Bank overdrafts	392,138	-	-	844,577
Hire purchase contracts	301,084	197,563	-	-
	<u>913,222</u>	<u>400,897</u>	<u>220,000</u>	<u>1,047,911</u>

Group

Bank borrowings

HSBC UK Bank plc loan is denominated in £ sterling with a nominal interest rate of base plus 1.7%%, and the final instalment is due on 15 December 2026. The carrying amount at year end is £3,190,000 (2021 - £2,185,001).

Security given:

Unlimited Multilateral Guarantee given by Musgrave Holdings Limited and its operating subsidiary companies.

Debenture including Fixed Charge over all present freehold and leasehold properties. First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future.

Included in the loans and borrowings are the following amounts due after more than five years:

	2022	2021
	£	£
After more than five years by instalments	2,090,000	1,168,333

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

24 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	301,085	197,564
Later than one year and not later than five years	570,285	414,707
Later than five years	154,440	15,120
	<u>1,025,810</u>	<u>627,391</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	338,525	339,006
Later than one year and not later than five years	427,229	547,549
	<u>765,754</u>	<u>886,555</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £391,018 (2021 - £368,598).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	16,518	15,293
Later than one year and not later than five years	1,494	6,973
	<u>18,012</u>	<u>22,266</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £30,499 (2021 - £25,985).

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

25 Dividends

	2022 £	2021 £
Final dividend of £0.45 (2021 - £1.34) per ordinary share	<u>272,909</u>	<u>812,662</u>

26 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2021 - £684,000).

27 Related party transactions

Group

Summary of transactions with parent

The group has taken advantage of the exception in FRS 102 "Related Party Disclosures" from disclosing transactions with other members of the group.

Summary of transactions with entities with joint control or significant interest

Foundry Property Investments Ltd

The group leases property from Foundry Property Investments Ltd.

Summary of transactions with all associates

The group has taken advantage of the exemption in FRS 102 "related party disclosures" from disclosing transactions with other members of the group.

Westley Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

27 Related party transactions (continued)

Summary of transactions with associates Foundry Property Investments Ltd

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2022	
Leases	<u>160,000</u>
	Entities with joint control or significant influence £
2021	
Leases	<u>120,000</u>

Company

Summary of transactions with all associates

The company has taken advantage of the exemption in FRS 102 "related party disclosures" from disclosing transactions with other members of the group.

28 Parent and ultimate parent undertaking

The company's immediate parent is Musgrave Holdings Limited, incorporated in England.

The most senior parent entity producing publicly available financial statements is Musgrave Holdings Limited. These financial statements are available upon request from

Doulton Road
Cradley Heath
West Midlands
B64 5QS