Company registration number 01481073 (England and Wales)

ATRITOR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

ATRITOR LIMITED

COMPANY INFORMATION

Directors	Mr S N Rosin Mr J H Wilkinson Mr S J Cheesmore Mr A W Rigg
Secretary	Mr J H Wilkinson
Company number	01481073
Registered office	12 The Stampings Blue Ribbon Park Coventry England CV65RE
Auditor	Nunn Hayward LLP 2-4 Packhorse Road Gerrards Cross Buckinghamshire SL9 7QE

ATRITOR LIMITED

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ATRITOR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

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

Fair review of the business

2022 presented a positive turnover around with turnover increasing by 12.6% to £7,387,767 (2021 - £6,561,037). This resulted in a gross profit of £2,919,270 (2021 - £2,069,395), and profit before tax of £408,626 (2021 - £272,152 loss).

Overall, the directors are pleased with the 2022 results as the business continues to perform well into 2023 and recover from Covid-19.

Principal risks and uncertainties

The directors continually monitor the key risks and uncertainties facing the company, and they are summarised below:

Market risk

The risk arising from competition from other suppliers in the market. This risk is mitigated by the specialised product range and niche market in which the company operates in.

Credit risk

The risk arising from the possibility that the company will incur losses from the failure of customers and counterparties to meet their obligations is constantly reviewed. This risk is minimal as the company performs ongoing credit evaluations of its customers and to date, has not experienced any material losses.

Liquidity risk

Liquidity risk arises in relation to the company's management of working capital and the risk that the company will encounter difficulties in meeting financial obligations as and when they fall due. To minimise the risk, the liquidity position and ongoing working capital requirements are regularly reviewed by the directors.

Brexit risk

The company trades with entities based in the European Union and the UK's exit therefrom poses a risk for the company due to the uncertainty surrounding trade agreements. This is mitigated by the loyal customer and supplier base with which the company has traded with for a number of years. The company management is continuously monitoring the situation and will respond to any changes that arise from Brexit.

Ukraine conflict risk

The risk arising from the conflict in Ukraine in relation to cost of materials, supplier lead times and uncertainties regarding energy costs. The company is continuously monitoring the situation through diligent customer and supplier relationship management alongside significant investments to reduce total energy usage going forward.

Key performance indicators

The directors consider the key performance indicators for the company to be those that communicate the financial performance and strength of the company as a whole, these being:

		2022	2021
Turnover	£000s	7,388	6,561
Gross Profit	£000s	2,919	2,069
Profit/(Loss) Before Taxation	£000s	409	(272)

On behalf of the board

Mr J H Wilkinson
Director

28 March 2023

ATRITOR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities
The principal activity of the company continued to be the design, development and production of novel industrial processes for companies around the world.

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S N Rosin	
Mr J H Wilkinson	
Mr S J Cheesmore	
Mr A W Rigg	
Mr D J Wilkinson	(Resigned 1 January 2022)

Future developments
The business continues to recover from Covid-19 in the financial year ahead, taking steps to ensure it will continue its growth in turnover and profit for the foreseeable future.

Auditor
The auditors, Nunn Hayward LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr J H Wilkinson
Director

28 March 2023

ATRITOR LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ATRITOR LIMITED

Opinion

We have audited the financial statements of Atritor Limited (the 'company') for the year ended 31 August 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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's 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 obtained an understanding of the legal and regulatory framework that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulations (GDPR).

- We understood how the company was complying with those frameworks by making enquiries of local management and designed audit procedures to identify non-compliance with laws and regulations including making enquires of those charged with governance; testing journal entries, with a focus on manual, large or unusual transactions.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and making enquiries of those charged with governance. We also considered performance targets and the likelihood of these to influence management to misstate revenue and reported profits.

- We considered the controls established to address the risks identified, to prevent, deter or detect fraud, and how management and those charged with governance monitor those controls.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion,
omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 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.

Nunn Hayward LLP

Daniel Palmer FCA
Senior Statutory Auditor
For and on behalf of Nunn Hayward LLP

Chartered Accountants
Statutory Auditor

Date: 28 March 2023

2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

ATRITOR LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	7,387,767	6,561,037
Cost of sales		(4,468,497)	(4,491,642)
Gross profit		2,919,270	2,069,395
Administrative expenses		(2,601,737)	(2,488,823)
Other operating income		86,445	154,339
Operating profit/(loss)	4	403,978	(265,089)
Interest receivable and similar income	7	74,279	62,013
Interest payable and similar expenses	8	(69,631)	(69,076)
Profit/(loss) before taxation		408,626	(272,152)
Tax on profit/(loss)	9	(57,500)	170,067
Profit/(loss) for the financial year		351,126	(102,085)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		452,000	501,000
Total comprehensive income for the year		803,126	398,915

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ATRITOR LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**10**		1,168,891		870,975
Current assets					
Stocks	**11**	2,080,569		2,168,010	
Debtors	**12**	2,762,570		1,855,341	
Cash at bank and in hand		1,234,043		1,176,670	
		6,077,182		5,200,021	
Creditors: amounts falling due within one year	**13**	(1,795,609)		(850,790)	
Net current assets			4,281,573		4,349,231
Total assets less current liabilities			5,450,464		5,220,206
Creditors: amounts falling due after more than one year	**14**		(76,118)		(157,486)
Provisions for liabilities					
Deferred tax liability	**16**	173,570		116,070	
			(173,570)		(116,070)
Net assets excluding pension surplus			5,200,776		4,946,650
Defined benefit pension surplus	**18**		1,241,000		692,000
Net assets			6,441,776		5,638,650
Capital and reserves					
Called up share capital	**17**		10,000		10,000
Profit and loss reserves			6,431,776		5,628,650
Total equity			6,441,776		5,638,650

The financial statements were approved by the board of directors and authorised for issue on 28 March 2023 and are signed on its behalf by:

Mr J H Wilkinson
Director

Company Registration No. 01481073

ATRITOR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 September 2020	10,000	5,229,735	5,239,735
Year ended 31 August 2021:			
Loss for the year	-	(102,085)	(102,085)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	501,000	501,000
Total comprehensive income for the year	-	398,915	398,915
Balance at 31 August 2021	10,000	5,628,650	5,638,650
Year ended 31 August 2022:			
Profit for the year	-	351,126	351,126
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	452,000	452,000
Total comprehensive income for the year	-	803,126	803,126
Balance at 31 August 2022	10,000	6,431,776	6,441,776

ATRITOR LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	**22**		618,349		13,135
Interest paid			(8,631)		(9,076)
Income taxes paid			(24,861)		(70,984)
Net cash inflow/(outflow) from operating activities			584,857		(66,925)
Investing activities					
Purchase of tangible fixed assets		(468,155)		(9,637)	
Proceeds from disposal of tangible fixed assets		21,760		7	
Interest received		279		13	
Net cash used in investing activities			(446,116)		(9,617)
Financing activities					
Payment of finance leases obligations		(81,368)		(86,616)	
Net cash used in financing activities			(81,368)		(86,616)
Net increase/(decrease) in cash and cash equivalents			57,373		(163,158)
Cash and cash equivalents at beginning of year			1,176,670		1,339,828
Cash and cash equivalents at end of year			1,234,043		1,176,670

1 *Accounting policies*

Company information

Atritor Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12 The Stampings, Blue Ribbon Park, Coventry, England, CV65RE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Long term contracts

Revenue and profits is recognised by reference to the stage of completion of the contract as measured by comparing the total costs incurred to date to the total estimated contract costs. This is deemed to provide evidence of the company's performance of the contract and hence the extent to which it has obtained the right to consideration.

Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 *Tangible fixed assets*

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Plant and equipment	10% on cost
Computer and office equipment	20-50% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

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

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

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

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

1.7 Stocks

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

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the *asset is realised. Deferred tax is charged or credited in the profit and loss account,* except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan and is based on actuarial advice.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1 Accounting policies **(Continued)**

1.14 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the asset.

Revenue recognition

The key judgement made by management in respect of revenue is the stage completion of contracts and the point at which revenue should be recognised. Management compares costs incurred to date on a contract against the budgeted costs to arrive at a percentage complete which is used to determine the revenue to recognise on a particular contract.

At the year end, accrued revenue amounted to £585,887 (2021 - £542,475) and deferred revenue amounted to £166,060 (2021 - £149,747).

Stock

Components can be bought in or manufactured by the company to satisfy contracts and for sale as spare parts. For internally manufactured component, the time and costs involved in its production can vary depending on the manufacturing process used. As a result, the company uses an estimate of the manufacturing time and cost for each component. The estimate is regularly reviewed by management to ensure it is a reliable approximation of actual cost.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	7,387,767	6,561,037

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	1,949,664	777,581
Europe	4,628,024	4,362,925
Rest of the World	810,079	1,420,531
	7,387,767	6,561,037

	2022	2021
	£	£
Other revenue		
Interest income	74,279	62,013

4 Operating profit/(loss)

	2022	2021
Operating profit/(loss) for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	6,417	(11,564)
Research and development costs	17,451	3,309
Fees payable to the company's auditor for the audit of the company's financial statements	22,600	20,000
Depreciation of owned tangible fixed assets	164,895	162,024
(Profit)/loss on disposal of tangible fixed assets	(16,416)	310
Operating lease charges	-	61,467

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Design and production	41	44
Administration and management	11	10
Total	52	54

5 Employees (Continued)

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,009,987	1,816,457
Social security costs	197,897	250,000
Pension costs	165,750	144,436
	2,373,634	2,210,893

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	471,603	361,000
Company pension contributions to defined contribution schemes	17,419	25,139
	489,022	386,139

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	94,326	95,176
Company pension contributions to defined contribution schemes	6,880	8,968

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	279	13
Interest on the net defined benefit asset	74,000	62,000
Total income	74,279	62,013

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	279	13

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	8,631	9,076
Other finance costs:		
Net interest on the net defined benefit liability	61,000	60,000
	69,631	69,076

9 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	-	(89,209)
Deferred tax		
Origination and reversal of timing differences	57,500	(80,858)
Total tax charge/(credit)	57,500	(170,067)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit/(loss) before taxation	408,626	(272,152)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	77,639	(51,709)
Tax effect of expenses that are not deductible in determining taxable profit	(20,510)	(29,685)
Unutilised tax losses carried forward	9,018	73,583
Permanent capital allowances in excess of depreciation	(66,147)	27,382
Under/(over) provided in prior years	-	(89,209)
Deferred tax adjustments in respect of prior years	-	(100,429)
Deferred tax movement	57,500	-
Taxation charge/(credit) for the year	57,500	(170,067)

Actuarial gain or losses recognised in other comprehensive income have no tax effect.

10 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2021	285,964	1,778,324	209,496	92,095	2,365,879
Additions	197,143	211,375	59,637	-	468,155
Disposals	-	(7,000)	(99,654)	(41,745)	(148,399)
At 31 August 2022	483,107	1,982,699	169,479	50,350	2,685,635
Depreciation and impairment					
At 1 September 2021	56,217	1,168,920	195,603	74,164	1,494,904
Depreciation charged in the year	9,662	120,530	22,116	12,587	164,895
Eliminated in respect of disposals	-	(7,000)	(99,654)	(36,401)	(143,055)
At 31 August 2022	65,879	1,282,450	118,065	50,350	1,516,744
Carrying amount					
At 31 August 2022	417,228	700,249	51,414	-	1,168,891
At 31 August 2021	229,747	609,404	13,893	17,931	870,975

11 Stocks

	2022	2021
	£	£
Raw materials and consumables	39,864	32,952
Finished goods and goods for resale	2,040,705	2,135,058
	2,080,569	2,168,010

12 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	1,664,151	957,436
Gross amounts owed by contract customers	585,887	542,475
Corporation tax recoverable	81,064	56,203
Other debtors	304,762	119,154
Prepayments and accrued income	72,694	126,061
	2,708,558	1,801,329
Deferred tax asset (note 16)	54,012	54,012
	2,762,570	1,855,341

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Obligations under finance leases	15	81,367	81,367
Payments received on account		166,060	149,747
Trade creditors		979,367	377,646
Taxation and social security		48,969	42,848
Other creditors		11,101	9,661
Accruals and deferred income		508,745	189,521
		1,795,609	850,790

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	15	76,118	157,486

15 Finance lease obligations

Future minimum lease payments due under finance leases:	2022 £	2021 £
Within one year	89,877	89,877
In two to five years	84,077	173,956
	173,954	263,833
Less: future finance charges	(16,469)	(24,980)
	157,485	238,853

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Amounts due in respect of finance leases are secured on the related assets.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021	Assets 2022	Assets 2021
Balances:	**£**	**£**	**£**	**£**
Accelerated capital allowances	173,570	116,070	-	-
Tax losses	-	-	54,012	54,012
	173,570	116,070	54,012	54,012

	2022
Movements in the year:	**£**
Liability at 1 September 2021	62,058
Charge to profit or loss	57,500
Liability at 31 August 2022	119,558

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse in more than 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary of £1 each	10,000	10,000	10,000	10,000

18 Retirement benefit schemes

	2022	2021
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	165,750	144,436

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Retirement benefit schemes **(Continued)**

Defined benefit schemes

The company operates a defined benefit pension scheme. The most recent full actuarial valuation was on 31 March 2022 and was carried out by a qualified independent actuary.

A Deed of Alteration dated 26 October 2010 was signed by the Directors of the company and the Trustees of the scheme to amend the Trust Deed and Rules (23 July 1996) with the following alteration:

"With effect from midnight on 31 October 2010 no further pension benefits shall accrue under the Scheme in respect of any Members. Any Members who were active shall be treated as ceasing active membership with effect from midnight on 31 October 2010."

Valuation

Since 31 October 2010, no further pension benefits accrued under the scheme. As a result, members made no contributions during the year (2021 - £ Nil) and there were no active members with pensionable salaries.

Following the actuarial valuation as at 31 March 2022, no recovery contributions were considered necessary. The actuarial valuation provided the participating employer may pay voluntary contributions of any amount into the scheme, in addition to levies for the pension protection fund, and expenses of administration of the scheme.

During the year, employer contributions, excluding certain costs of administering the scheme, were £84,000 (2021 - £84,000).

Actuarial input has been received by the company into the disclosures relating to the defined benefit scheme, required under FRS 102, for these financial statements. At the end of the year, the scheme assets exceed pension obligations by £1,241,000 as at the balance sheet date (2021 - £692,000 surplus).

Allowance for commutation of pension for cash at retirement	**2022**	**2021**
Key assumptions	**%**	**%**
Discount rate	4.40	1.80
Inflation (RPI)	3.50	3.30
Inflation (CPI)	3.00	2.70
Allowance for revaluation of deferred pensions of CPI or 5% if less	3.00	2.70
Allowance for revaluation of deferred pensions of CPI or 2.5% if less	2.50	2.50
Allowance for pension in payment increase of CPI or 5% if less	2.90	2.70
Allowance for pension in payment increase of CPI or 2.5% if less	1.90	1.80
Allowance for commutation of pension for cash at retirement	Follow SFP	Follow SFP

Mortality assumptions	**2022**	**2021**
Assumed life expectations on retirement at age 65:	**Years**	**Years**
Retiring in 2022		
- Males	20.90	20.40
- Females	22.60	22.40
Retiring in 2042		
- Males	22.20	21.70
- Females	24.20	23.90

18 Retirement benefit schemes **(Continued)**

	2022	2021
Amounts recognised in the profit and loss account	£	£
Net interest on net defined benefit liability/(asset)	(13,000)	(2,000)

	2022	2021
Amounts taken to other comprehensive income	£	£
Actual return on scheme assets	438,000	(613,000)
Less: calculated interest element	-	-
Return on scheme assets excluding interest income	438,000	(613,000)
Actuarial changes related to obligations	(890,000)	112,000
Total costs/(income)	(452,000)	(501,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2022	2021
	£	£
Present value of defined benefit obligations	2,520,000	3,383,000
Fair value of plan assets	(3,761,000)	(4,075,000)
Surplus in scheme	(1,241,000)	(692,000)

	2022
Movements in the present value of defined benefit obligations	£
Liabilities at 1 September 2021	3,445,000
Benefits paid	(96,000)
Actuarial gains and losses	(890,000)
Interest cost	61,000
At 31 August 2022	2,520,000

The defined benefit obligations arise from plans which are wholly or partly funded.

18 Retirement benefit schemes **(Continued)**

Movements in the fair value of plan assets	2022 £
Fair value of assets at 1 September 2021	4,137,000
Interest income	74,000
Return on plan assets (excluding amounts included in net interest)	(438,000)
Benefits paid	(96,000)
Contributions by the employer	84,000
At 31 August 2022	3,761,000

Fair value of plan assets at the reporting period end	2022 £	2021 £
Equity instruments	2,699,000	3,062,000
Debt instruments	576,000	525,000
Property	180,000	189,000
Cash	165,000	142,000
Insured policies	134,000	157,000
Other	7,000	62,000
	3,761,000	4,137,000

19 Financial commitments, guarantees and contingent liabilities

At the balance sheet date, £652,316 (2021 - £408,702) of bank guarantees in favour of certain customers were still outstanding.

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	63,501	13,315
Between two and five years	76,535	10,350
	140,036	23,665

21 Ultimate controlling party

The parent undertaking is Atritor Holdings Ltd, a company incorporated in England and Wales. Copies of the group financial statements are available from Companies House.

The ultimate controlling party is S N Rosin.

22 Cash generated from operations

	2022	2021
	£	£
Profit/(loss) for the year after tax	351,126	(102,085)
Adjustments for:		
Taxation charged/(credited)	57,500	(170,067)
Finance costs	69,631	69,076
Investment income	(74,279)	(62,013)
(Gain)/loss on disposal of tangible fixed assets	(16,416)	310
Depreciation and impairment of tangible fixed assets	164,895	162,024
Pension scheme non-cash movement	(84,000)	(84,000)
Movements in working capital:		
Decrease/(increase) in stocks	87,441	(45,394)
(Increase)/decrease in debtors	(882,368)	1,079,680
Increase/(decrease) in creditors	944,819	(834,396)
Cash generated from operations	618,349	13,135

23 Analysis of changes in net funds

	1 September 2021	Cash flows	31 August 2022
	£	£	£
Cash at bank and in hand	1,176,670	57,373	1,234,043
Obligations under finance leases	(238,853)	81,368	(157,485)
	937,817	138,741	1,076,558