

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
FOCAL POINT FIRES LIMITED**

Scodie Deyong LLP
Chartered Accountants
Statutory Auditors
55 Loudoun Road
London
NW8 0DL

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	9
Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	16

FOCAL POINT FIRES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

Mr Ivor Bryan Mitchell
Mr Carl John Richards
Mr Stephen James Hammond
Mr Michael Christian Thomas Athay

SECRETARY:

Mr Stephen James Hammond

REGISTERED OFFICE:

55 Loudoun Road
London
NW8 0DL

REGISTERED NUMBER:

01726619 (England and Wales)

AUDITORS:

Scodie Deyong LLP
Chartered Accountants
Statutory Auditors
55 Loudoun Road
London
NW8 0DL

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

REVIEW OF BUSINESS

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

Focal Point Fires delivered another strong full-year performance for the year ending 31st December 2022. Our turnover for the year increased by 2.81% to £15.861m from £15.427m in 2021. Our gross margin increased substantially by 6.17% to 44.96%, up from 38.79% for the same period in 2021. This was achieved by the continued introduction of innovative, high quality new products together with an expanded customer base across a broader geographical market which allowed us to continue to trade profitably. Improved efficiencies throughout the supply chain and fiscal management, have all contributed to generate excellent returns and our pre-tax profits were £1.005m.

Throughout 2022 the company continued to broaden and expand further its products and customer base into new territories. Our very cleverly designed, patented products and leading, luxury British Fires brand became highly desirable amongst our customers and consumers both domestically in the UK and internationally. Our strategically appointed and chosen distribution partners continue to promote our products and brand to further enhance our global reach.

The company continued with its cutting-edge designs, product development and certification of cleaner and more sustainable products with electric being perceived as the greener choice of fuel emitting less emissions into the environment, combined with the ability to have the fire displaying a living flame all year round. Our products reduce the impact on the environment knowing the impact alternative appliances may have on the environment.

We are continuing to see the transformation of people's homes and are seeing a greater demand for our branded range of products that consumers find desirable. The transformation of the living room in the UK and more recently throughout Europe, to incorporate a fireplace media wall, is one of the biggest single transformations we have seen in the fireplace industry within the last decade.

As at the Balance Sheet date, our stock holding reduced from £2.980m to £2.708m as our supply chain issues abated. Our actual stock turn went from 100 days to 119 days. Our balance sheet remains strong from retained profits. There was a decrease in current assets of £1.401m, whilst our current and long-term liabilities only decreased by £0.997m from £5.018m to £4.021m. There was addition of £199k in fixed assets, and freehold property revaluation of £93k.

Our Trade Debtors reduced marginally by just under 9% in spite of the increase in turnover, whilst our trade creditors now represent 33 days payment as opposed to 42 days for the year before.

The Board are determined in our focus to deliver a first-class range of world leading products unrivalled in their technology and this remains our strategic priority.

RISK MANAGEMENT

The cost-of-living crisis, elevated energy costs, inflationary pressure(s), and continued interest rate rises to combat inflation, will continue to impact upon consumers' discretionary spend, and will continue to cause various uncertainties throughout the globe. This still brings challenges, specifically in terms of the supply chain and being able to procure and deliver goods to meet our customers' expectations and current demand. The company continues to build upon its long-standing relationships with both our suppliers and customers alike, which enables us to overcome any of the challenges presented. Currently, there are significant uncertainties in the UK economy including the cost-of-living crisis, geopolitical risk throughout many different market sectors, giving rise to fluctuations in currency exchange rates and the long-term implications and impacts this may have. The directors have remained vigilant throughout to ensure the company controls its cost base and carefully monitors exchange rate fluctuations and enters into foreign exchange contracts to manage and mitigate any impact this may have.

We continually assess and review our financial position in light of the economic conditions as part of our normal budgetary process and the Directors remain vigilant to the ever changing trading and economic conditions. We will continually review the Company's development, performance and milestones throughout 2023 and take any appropriate actions deemed necessary in the context of the risks and uncertainties we face, to ensure our objectives and continued success are met.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

OUTLOOK

Despite a challenging macro-economic environment creating some near-term uncertainty, we continue to strengthen our brands, products and customer experience and the company continues to see a great demand for its products across many geographical regions. This has allowed us to continue to appoint and enter into various commercial distribution agreements. We maintain energy and drive to keep growing and innovating to produce and deliver leading edge, highly innovative designs to our existing and targeted customers that are engineered beyond boundaries and we remain very optimistic for the years ahead.

The company has strong foundations on which to continue to build and accelerate growth in the years ahead, led by an experienced management team that has a clearly defined focus and strategy in terms of both product design and product development. We will continue to deliver and innovate world class, high quality, market leading aspirational products.

Very good progress continues to be made in 2023 with our continued expansion into international export markets, increasing our market share in our core market with the design and development of innovative market leading, new products, produced to a high quality with first class customer service. We will continue to seek other opportunities to leverage upon this and deliver high quality sustainable growth.

At the very heart of Focal Point Fires is our fantastic team, each dedicated member of staff who every year go above and beyond to make a difference. Each and every one of our team continue to excel and outperform and rise to the challenges when needed. With the expertise and knowledge of our staff and colleagues, we will continue to provide first-class, world leading products and a service second to none, to all of our customers and consumers which again, is a further testament to our fantastic team and colleagues.

ON BEHALF OF THE BOARD:

Mr Carl John Richards - Director

31 July 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of gas fires and electrical appliances.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2022 will be £1,000,000.

RESEARCH AND DEVELOPMENT

The company continues to invest in the development of new products and the enhancement of existing ones.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2022 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2022 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.22	1.1.22
Ordinary shares of £1 each		
Mr Ivor Bryan Mitchell	38,000	38,000
Mr Carl John Richards	2,000	2,000
Mr Stephen James Hammond	-	-
Mr Michael Christian Thomas Athay	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Scodie Deyong LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr Stephen James Hammond - Director

31 July 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOCAL POINT FIRES LIMITED

Opinion

We have audited the financial statements of Focal Point Fires Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOCAL POINT FIRES LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOCAL POINT FIRES LIMITED

Auditors' responsibilities for the audit of the financial statements

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are:

- Financial Reporting Standard 102;
- The Companies Act 2006;
- UK tax legislation;
- UK General Data Protection Regulation;
- UK employment legislation;
- UK environmental legislation; and
- UK health and safety legislation.

We assessed the risks of material misstatement in respect of fraud as follows:

- made enquiries of management and those charged with governance;
- held an audit team planning meeting to discuss areas that may be susceptible to misstatement;
- carried out analytical procedures to identify unusual or unexpected trends;
- reviewed the systems in place and considered the potential for override of controls; and
- considered related party relationships and transactions.

Based on the results of our risk assessment, we designed our audit procedures to identify non-compliance with such laws and regulations identified above. We also considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries into our audit approach and challenged key assumptions and judgments made by management.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected. Absolute assurance is not possible due to practical and legal limitations to obtaining audit evidence as well as time and cost constraints. Misstatements are considered material if they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

Use of our report

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

L S Deyong FCA (Senior Statutory Auditor)
for and on behalf of Scodie Deyong LLP
Chartered Accountants
Statutory Auditors
55 Loudoun Road
London
NW8 0DL

31 July 2023

FOCAL POINT FIRES LIMITED (REGISTERED NUMBER: 01726619)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		31.12.22	31.12.21
	Notes	£	£
TURNOVER		15,861,236	15,427,648
Cost of sales		<u>(8,729,184)</u>	<u>(9,442,835)</u>
GROSS PROFIT		7,132,052	5,984,813
Administrative expenses		<u>(6,207,303)</u>	<u>(3,724,469)</u>
		924,749	2,260,344
Other operating income		<u>57,335</u>	<u>13,986</u>
OPERATING PROFIT	4	982,084	2,274,330
Interest receivable and similar income		<u>5,563</u>	<u>-</u>
		987,647	2,274,330
Interest payable and similar expenses	5	<u>(74,978)</u>	<u>(69,997)</u>
PROFIT BEFORE TAXATION		912,669	2,204,333
Tax on profit	6	<u>(94,074)</u>	<u>(88,666)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>818,595</u>	<u>2,115,667</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
PROFIT FOR THE YEAR		818,595	2,115,667
OTHER COMPREHENSIVE INCOME			
Revaluation of freehold property		69,831	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>69,831</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>888,426</u>	<u>2,115,667</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

		31.12.22	31.12.21
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	312,403	205,100
Tangible assets	9	937,739	869,612
Investments	10	12,500	12,500
		<u>1,262,642</u>	<u>1,087,212</u>
CURRENT ASSETS			
Stocks	11	2,708,204	2,980,989
Debtors	12	2,075,390	2,374,828
Cash at bank and in hand		<u>1,831,433</u>	<u>2,660,044</u>
		6,615,027	8,015,861
CREDITORS			
Amounts falling due within one year	13	<u>(3,766,252)</u>	<u>(4,470,025)</u>
NET CURRENT ASSETS		<u>2,848,775</u>	<u>3,545,836</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,111,417	4,633,048
CREDITORS			
Amounts falling due after more than one year	14	(19,276)	(482,133)
PROVISIONS FOR LIABILITIES	18	<u>(118,469)</u>	<u>(65,669)</u>
NET ASSETS		<u>3,973,672</u>	<u>4,085,246</u>
CAPITAL AND RESERVES			
Called up share capital	19	50,000	50,000
Revaluation reserve	20	69,831	-
Retained earnings	20	<u>3,853,841</u>	<u>4,035,246</u>
SHAREHOLDERS' FUNDS		<u>3,973,672</u>	<u>4,085,246</u>

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

Mr Carl John Richards - Director

Mr Michael Christian Thomas Athay - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2021	50,000	2,925,579	-	2,975,579
Changes in equity				
Dividends	-	(1,006,000)	-	(1,006,000)
Total comprehensive income	-	2,115,667	-	2,115,667
Balance at 31 December 2021	50,000	4,035,246	-	4,085,246
Changes in equity				
Dividends	-	(1,000,000)	-	(1,000,000)
Total comprehensive income	-	818,595	69,831	888,426
Balance at 31 December 2022	50,000	3,853,841	69,831	3,973,672

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		31.12.22	31.12.21
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	1,823,954	2,715,488
Interest paid		(74,425)	(69,997)
Interest element of hire purchase payments paid		(553)	-
Tax paid		(106,307)	(161,309)
Net cash from operating activities		<u>1,642,669</u>	<u>2,484,182</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(136,925)	(83,510)
Purchase of tangible fixed assets		(107,556)	(33,143)
Sale of tangible fixed assets		61,972	-
Interest received		5,563	-
Net cash from investing activities		<u>(176,946)</u>	<u>(116,653)</u>
Cash flows from financing activities			
Additional factor advances/(repayments)		(1,800)	10,552
Trade loan		(680,663)	204,915
Fixed term bank loan		(596,250)	(78,750)
Other loans		(11,933)	(11,933)
Capital repayments in year		(3,688)	-
Equity dividends paid		(1,000,000)	(1,006,000)
Net cash from financing activities		<u>(2,294,334)</u>	<u>(881,216)</u>
(Decrease)/increase in cash and cash equivalents		<u>(828,611)</u>	<u>1,486,313</u>
Cash and cash equivalents at beginning of year	2	2,660,044	1,173,731
Cash and cash equivalents at end of year	2	<u>1,831,433</u>	<u>2,660,044</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.22	31.12.21
	£	£
Profit before taxation	912,669	2,204,333
Depreciation charges	119,855	157,025
Loss on disposal of fixed assets	-	1,408
Finance costs	74,978	69,997
Finance income	(5,563)	-
	<u>1,101,939</u>	<u>2,432,763</u>
Decrease/(increase) in stocks	272,785	(800,833)
Decrease/(increase) in trade and other debtors	299,438	(204,716)
Increase in trade and other creditors	<u>149,792</u>	<u>1,288,274</u>
Cash generated from operations	<u><u>1,823,954</u></u>	<u><u>2,715,488</u></u>

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>1,831,433</u>	<u>2,660,044</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>2,660,044</u>	<u>1,173,731</u>

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	Other non-cash changes £	At 31.12.22 £
Net cash				
Cash at bank and in hand	<u>2,660,044</u>	<u>(828,611)</u>		<u>1,831,433</u>
	<u>2,660,044</u>	<u>(828,611)</u>		<u>1,831,433</u>
Debt				
Finance leases	-	3,688	(19,667)	(15,979)
Debts falling due within 1 year	(1,626,795)	817,463	-	(809,332)
Debts falling due after 1 year	<u>(482,133)</u>	<u>473,183</u>	<u>-</u>	<u>(8,950)</u>
	<u>(2,108,928)</u>	<u>1,294,334</u>	<u>(19,667)</u>	<u>(834,261)</u>
Total	<u>551,116</u>	<u>465,723</u>	<u>(19,667)</u>	<u>997,172</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Preparation of consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The subsidiary undertaking has not commenced trading and is dormant at the balance sheet date. The company has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the basis of immateriality.

Turnover

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

Goodwill

Acquired goodwill is fully amortised upon acquisition. Previously, goodwill acquired was capitalised and carried at cost at the balance sheet date. Following a review, it has been seen as more appropriate to fully amortise the acquired goodwill, so this policy has been adopted.

Development expenditure

Over the years the company have capitalised research and development expenditure on the basis of the technical, commercial and financial viability of individual projects. The company is amortising this cost over 10 years on a straight line basis in line with the expectation of the time line of a range of fires.

Patents

Patents acquired that will bring long term economic benefits to the company are capitalised and amortised over the useful economic life of the associated product. The directors believe an amortisation period of 20 years is appropriate.

Tangible fixed assets

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

Freehold property	- straight line basis
Plant and machinery	- 25% on a reducing balance basis
Fixtures and fittings	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis

Government grants

Grants are recognised over the period in which the associated costs are incurred.

Stocks

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

3. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	3,092,178	1,466,980
Social security costs	407,205	157,160
Other pension costs	19,134	14,103
	<u>3,518,517</u>	<u>1,638,243</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. EMPLOYEES AND DIRECTORS - continued

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

	31.12.22	31.12.21
Production	15	14
Sales	4	4
Administration	8	7
	<u>27</u>	<u>25</u>

	31.12.22	31.12.21
	£	£
Directors' remuneration	<u>2,232,888</u>	<u>747,058</u>

Information regarding the highest paid director is as follows:

	31.12.22	31.12.21
	£	£
Emoluments etc	<u>1,619,028</u>	<u>290,718</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.22	31.12.21
	£	£
Other operating leases	217,182	207,051
Depreciation - owned assets	86,545	86,652
Depreciation - assets on hire purchase contracts	3,687	-
Loss on disposal of fixed assets	-	1,408
Goodwill amortisation	3,500	-
Patents and licences amortisation	3,648	-
Development costs amortisation	22,474	70,374
Auditors' remuneration	<u>13,104</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£	£
Bank interest	1,675	1,677
Factoring interest	55	12
Other interest	72,695	68,308
Hire purchase	553	-
	<u>74,978</u>	<u>69,997</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

6. TAXATION

Analysis of the tax charge

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

	31.12.22 £	31.12.21 £
Current tax:		
UK corporation tax	64,552	170,119
Over provision in previous year	-	(78,255)
Total current tax	64,552	91,864
Deferred tax	29,522	(3,198)
Tax on profit	94,074	88,666

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

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

	31.12.22 £	31.12.21 £
Profit before tax	912,669	2,204,333
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	173,407	418,823
Effects of:		
Expenses not deductible for tax purposes	22,840	636
Adjustments to tax charge in respect of previous periods	-	(78,255)
Capital allowance in excess of depreciation	(8,653)	2,027
Loss on disposal of assets	-	268
Enhanced research and development expenditure	-	(39,078)
Deferred tax	29,522	(3,197)
Patent box claim	(123,042)	(212,558)
Total tax charge	94,074	88,666

Tax effects relating to effects of other comprehensive income

	31.12.22	
	Gross	Net
	£	£
Revaluation of freehold property	69,831	69,831

7. DIVIDENDS

	31.12.22 £	31.12.21 £
Interim	1,000,000	1,006,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Development costs £	Totals £
COST				
At 1 January 2022	3,500	41,272	749,413	794,185
Additions	-	66,089	70,836	136,925
At 31 December 2022	<u>3,500</u>	<u>107,361</u>	<u>820,249</u>	<u>931,110</u>
AMORTISATION				
At 1 January 2022	-	-	589,085	589,085
Amortisation for year	<u>3,500</u>	<u>3,648</u>	<u>22,474</u>	<u>29,622</u>
At 31 December 2022	<u>3,500</u>	<u>3,648</u>	<u>611,559</u>	<u>618,707</u>
NET BOOK VALUE				
At 31 December 2022	<u>-</u>	<u>103,713</u>	<u>208,690</u>	<u>312,403</u>
At 31 December 2021	<u>3,500</u>	<u>41,272</u>	<u>160,328</u>	<u>205,100</u>

9. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 January 2022	672,819	-	522,301
Additions	-	65,927	7,259
Disposals	(65,927)	-	-
Revaluations	93,108	-	-
At 31 December 2022	<u>700,000</u>	<u>65,927</u>	<u>529,560</u>
DEPRECIATION			
At 1 January 2022	40,369	-	398,320
Charge for year	19,587	5,274	32,205
Eliminated on disposal	(3,955)	-	-
At 31 December 2022	<u>56,001</u>	<u>5,274</u>	<u>430,525</u>
NET BOOK VALUE			
At 31 December 2022	<u>643,999</u>	<u>60,653</u>	<u>99,035</u>
At 31 December 2021	<u>632,450</u>	<u>-</u>	<u>123,981</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2022	398,535	15,844	1,609,499
Additions	34,370	19,667	127,223
Disposals	-	-	(65,927)
Revaluations	-	-	93,108
At 31 December 2022	<u>432,905</u>	<u>35,511</u>	<u>1,763,903</u>
DEPRECIATION			
At 1 January 2022	287,074	14,124	739,887
Charge for year	29,050	4,116	90,232
Eliminated on disposal	-	-	(3,955)
At 31 December 2022	<u>316,124</u>	<u>18,240</u>	<u>826,164</u>
NET BOOK VALUE			
At 31 December 2022	<u>116,781</u>	<u>17,271</u>	<u>937,739</u>
At 31 December 2021	<u>111,461</u>	<u>1,720</u>	<u>869,612</u>

The company reclassified improvements in relation to one of the units from freehold property to leasehold property improvements.

Cost or valuation at 31 December 2022 is represented by:

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2022	93,108	-	-
Cost	<u>606,892</u>	<u>65,927</u>	<u>529,560</u>
	<u>700,000</u>	<u>65,927</u>	<u>529,560</u>

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2022	-	-	93,108
Cost	<u>432,905</u>	<u>35,511</u>	<u>1,670,795</u>
	<u>432,905</u>	<u>35,511</u>	<u>1,763,903</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS - continued

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

	31.12.22	31.12.21
	£	£
Cost	672,819	-
Aggregate depreciation	48,551	-

Freehold property was valued on an open market basis on 31 December 2022 by Eddisons .

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST OR VALUATION	
Additions	19,667
At 31 December 2022	19,667
DEPRECIATION	
Charge for year	3,687
At 31 December 2022	3,687
NET BOOK VALUE	
At 31 December 2022	15,980

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2022	
and 31 December 2022	12,500
NET BOOK VALUE	
At 31 December 2022	12,500
At 31 December 2021	12,500

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

British Fires Ltd

Registered office: United Kingdom

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. STOCKS		
	31.12.22	31.12.21
	£	£
Finished goods	1,543,281	1,317,380
Raw materials	1,164,923	1,663,609
	<u>2,708,204</u>	<u>2,980,989</u>
12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	31.12.22	31.12.21
	£	£
Trade debtors	1,603,133	1,752,638
Other debtors	37,500	37,500
Deposits paid to suppliers	244,681	400,954
Prepayments and accrued income	190,076	183,736
	<u>2,075,390</u>	<u>2,374,828</u>
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	31.12.22	31.12.21
	£	£
Bank loans and overdrafts (see note 15)	809,332	1,626,795
Hire purchase contracts (see note 16)	5,653	-
Trade creditors	890,524	1,377,178
Taxation	50,109	91,864
Social security and other taxes	451,050	72,133
VAT	285,542	180,494
Other creditors	1,017,697	1,016,583
Accruals and deferred income	256,345	104,978
	<u>3,766,252</u>	<u>4,470,025</u>
14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	31.12.22	31.12.21
	£	£
Bank loans (see note 15)	-	461,250
Other loans (see note 15)	8,950	20,883
Hire purchase contracts (see note 16)	10,326	-
	<u>19,276</u>	<u>482,133</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

15. LOANS

An analysis of the maturity of loans is given below:

	31.12.22 £	31.12.21 £
Amounts falling due within one year or on demand:		
Bank loans	-	135,000
Factoring account	-	1,800
Trade loan	809,332	1,489,995
	<u>809,332</u>	<u>1,626,795</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>8,950</u>	<u>20,883</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>461,250</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 31.12.22 £	31.12.21 £
Net obligations repayable:		
Within one year	5,653	-
Between one and five years	<u>10,326</u>	<u>-</u>
	<u>15,979</u>	<u>-</u>
	Non-cancellable	operating leases
	31.12.22	31.12.21
	£	£
Within one year	258,776	185,433
Between one and five years	805,068	666,978
In more than five years	366,166	337,500
	<u>1,430,010</u>	<u>1,189,911</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. SECURED DEBTS

	31.12.22 £	31.12.21 £
Trade loans	809,332	1,489,995
Factoring loan	-	1,800
Hire purchase liabilities	15,979	-
	<u>825,995</u>	<u>1,491,795</u>

Trade loans are secured by way of a fixed/floating charge. Factoring loan facility is secured against the trade debtors. Hire purchase liabilities are secured against the assets financed.

18. PROVISIONS FOR LIABILITIES

	31.12.22 £	31.12.21 £
Deferred tax	<u>118,469</u>	<u>65,669</u>
		Deferred tax
		£
Balance at 1 January 2022		65,669
Provided during year		52,800
Balance at 31 December 2022		<u>118,469</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31.12.22 £	31.12.21 £
50,000	Ordinary		<u>50,000</u>	<u>50,000</u>

20. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2022	4,035,246	-	4,035,246
Profit for the year	818,595		818,595
Dividends	(1,000,000)		(1,000,000)
Revaluation of freehold property	-	93,108	93,108
Deferred tax on revaluation	-	(23,277)	(23,277)
At 31 December 2022	<u>3,853,841</u>	<u>69,831</u>	<u>3,923,672</u>

21. PENSION COMMITMENTS

The company makes payments to a defined contribution scheme on behalf of the directors and employees. Amounts charged to the profit and loss account were £19,134 for the year (2021: £14,103). The outstanding amount at the balance sheet date is £5,197 (2021: £4,083).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.