REGISTERED NUMBER: 01993520 (England and Wales)

TECHNO ENGINEERING LIMITED

STRATEGIC REPORT,

REPORT OF THE DIRECTOR AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2023

Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

TECHNO ENGINEERING LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2023

DIRECTOR:	Mr D Wright
SECRETARY:	Mr D Wright
REGISTERED OFFICE:	Waterloo Industrial Estate Waterloo Pembroke Dock Dyfed SA72 4RR
REGISTERED NUMBER:	01993520 (England and Wales)
SENIOR STATUTORY AUDITOR:	Henry Lloyd Davies
AUDITORS:	Bevan Buckland LLP Chartered Accountants And Statutory Auditors Ground Floor Cardigan House Castle Court Swansea Enterprise Park Swansea SA7 9LA

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2023

The director presents his strategic report for the year ended 31 January 2023.

REVIEW OF BUSINESS
The Statement of Comprehensive Income for the year is set out on page 7. The director was satisfied with the performance of the Company during the year and the year end financial position. The director considers the Company to be well placed and confident that the Company will continue to win new contracts and generate profits in the future. The management of the business and the execution of the Company's strategy are subject to a number of risks. The Key business risks and uncertainties affecting the company are considered to relate to employee retention and competition from other mechanical engineering service providers.

PRINCIPAL RISKS AND UNCERTAINTIES
The Company's operations expose it to a variety of financial risks that include credit and liquidity risk and the effects of changes in interest rates. The Company has procedures to check credit status of new customers and monitor the impact on interest rate movements. Given the size of the Company, the director has not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policy set by the board of directors is implemented by the Company's finance department.

Price risk
The Company considers price risk when negotiating contracts with customers

Credit risk
The Company has implemented policies that require appropriate credit checks on potential customers before services are provided. When debt finance is utilised, this is subject to pre-approval by the board of directors.

Liquidity risk
The Company actively maintains a mix of debt that is designed to ensure the Company has sufficient funds for operations.

KEY PERFORMANCE INDICATORS
The director considers that the key financial indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit and profit/(loss) before taxation as set out below:

	2023	2022	2021
	£	£	£
Turnover	9,397	23,248	12,571
Gross Profit	1,106	3,491	303
Profit/(loss) before taxation	(278)	1,790	(397)

ON BEHALF OF THE BOARD:

Mr D Wright - Director

12 October 2023

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 JANUARY 2023

The director presents his report with the financial statements of the company for the year ended 31 January 2023.

DIVIDENDS
No dividends will be distributed for the year ended 31 January 2023.

DIRECTOR
Mr D Wright held office during the whole of the period from 1 February 2022 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is 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 he 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, Bevan Buckland LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr D Wright - Director

12 October 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TECHNO ENGINEERING LIMITED

Opinion

We have audited the financial statements of Techno Engineering Limited (the 'company') for the year ended 31 January 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its loss 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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 Director 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 Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director
As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing support documentation, concerning the company's policies and procedures relating to:
    - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the company, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified
In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TECHNO ENGINEERING LIMITED

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.

Henry Lloyd Davies (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

12 October 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £'000	2022 £'000
TURNOVER	4	9,397	23,249
Cost of sales		8,291	19,758
GROSS PROFIT		1,106	3,491
Administrative expenses		1,386	1,705
		(280)	1,786
Other operating income		-	4
OPERATING (LOSS)/PROFIT	6	(280)	1,790
Interest receivable and similar income		2	-
(LOSS)/PROFIT BEFORE TAXATION		(278)	1,790
Tax on (loss)/profit	7	(211)	337
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(67)	1,453
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(67)	1,453

The notes form part of these financial statements

BALANCE SHEET
31 JANUARY 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	8		575		562
CURRENT ASSETS					
Stocks	9	75		75	
Debtors	10	5,547		5,620	
Cash at bank		2,225		2,147	
		7,847		7,842	
CREDITORS					
Amounts falling due within one year	11	1,708		1,621	
NET CURRENT ASSETS			6,139		6,221
TOTAL ASSETS LESS CURRENT LIABILITIES			6,714		6,783
CREDITORS					
Amounts falling due after more than one year	12		(47)		(25)
PROVISIONS FOR LIABILITIES	15		-		(24)
NET ASSETS			6,667		6,734
CAPITAL AND RESERVES					
Called up share capital	16		111		111
Share premium	17		14		14
Capital redemption reserve	17		346		346
Retained earnings	17		6,196		6,263
SHAREHOLDERS' FUNDS			6,667		6,734

The financial statements were approved by the director and authorised for issue on 12 October 2023 and were signed by:

Mr D Wright - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 February 2021	111	4,810	14	346	5,281
Changes in equity					
Total comprehensive income	-	1,453	-	-	1,453
Balance at 31 January 2022	111	6,263	14	346	6,734
Changes in equity					
Total comprehensive income	-	(67)	-	-	(67)
Balance at 31 January 2023	111	6,196	14	346	6,667

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

1. STATUTORY INFORMATION

Techno Engineering 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.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Celtic Engineering Holdings Limited and these financial statements may be obtained from Waterloo Industrial Estate, Pembroke Dock, Pembrokeshire, SA72 4RR

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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

Long term contract balances are assessed on a contract by contract basis and are reflected in the profit and loss account as contract activity progresses. Any expected losses on long term contract balances are recognised immediately and are written off to the profit and loss accounts. Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the prudently calculated attributable profit is recognised in the profit and loss account as the difference between reported turnover and related costs for that contract.

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.

Plant and Machinery	- 20% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 20% reducing balance

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

continued...

2. **ACCOUNTING POLICIES - continued**

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, other than those held at fair value through profit and loss, 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.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans and loans from fellow group companies , 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.

continued...

2. ACCOUNTING POLICIES - continued

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 though 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.

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

Hire purchase and leasing commitments
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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

continued...

2. ACCOUNTING POLICIES - continued

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.

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.

Annual bonus plan
The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and reliable estimate of the obligation can be made.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash at bank and in hand
Cash at bank and in hand 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 arc shown within borrowings in current liabilities.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be appropriate and reasonable in the circumstances

a) Critical judgements in applying the Company's accounting policies
The director does not consider there to be any critical accounting judgements to the financial statements.

i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed and amended when necessary to reflect current estimates, base don technological advancement, future investments, economic utilisation and physical condition of the assets.

ii) Impairment of debtors
The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

iii) Long term (fixed fee) contracts
Where the Company enters into long term (fixed fee) contracts, revenue is recognised either on reaching set milestones as agreed in the contract or on the percentage of completion basis. Under the percentage of completion method, the Company makes an estimate of the percentage to complete for a project and recognises the proportion of revenue and profit accordingly. Any expected losses on long term contracts are recognised immediately and are written off to the Statement of Comprehensive Income.

4. TURNOVER

Turnover rose entirely from the principal activity of the supply of mechanical engineering services within the United Kingdom.

continued...

5. EMPLOYEES AND DIRECTORS

	2023	2022
	£'000	£'000
Wages and salaries	5,782	13,084
Social security costs	661	1,446
Other pension costs	79	140
	6,522	14,670

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

	2023	2022
Engineering	98	200
Administration	8	8
	106	208

	2023	2022
	£	£
Director's remuneration	60,000	60,000

6. OPERATING (LOSS)/PROFIT

The operating loss (2022 - operating profit) is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Hire of plant and machinery	243	307
Depreciation - owned assets	47	47
Depreciation - assets on hire purchase contracts	16	11
Profit on disposal of fixed assets	(8)	-
Auditors' remuneration	11	14
Taxation compliance services	8	7
Preparation of financial statements	2	2

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax	(128)	344
Deferred tax	(83)	(7)
Tax on (loss)/profit	(211)	337

UK corporation tax was charged at 19%) in 2022.

continued...

7. **TAXATION - continued**

Reconciliation of total tax (credit)/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:

	2023 £'000	2022 £'000
(Loss)/profit before tax	(278)	1,790
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(53)	340
Effects of:		
Expenses not deductible for tax purposes	1	6
Income not taxable for tax purposes	(3)	(3)
Adjustments to tax charge in respect of previous periods	(128)	(9)
Taxable losses carried forward	(28)	-
Tax rate changes	-	3
Total tax (credit)/charge	(211)	337

8. **TANGIBLE FIXED ASSETS**

	Freehold property £'000	Plant and Machinery £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 February 2022	429	355	311	65	1,160
Additions	-	39	39	5	83
Disposals	-	(181)	(31)	(53)	(265)
At 31 January 2023	429	213	319	17	978
DEPRECIATION					
At 1 February 2022	49	298	200	51	598
Charge for year	4	17	38	4	63
Eliminated on disposal	-	(178)	(29)	(51)	(258)
At 31 January 2023	53	137	209	4	403
NET BOOK VALUE					
At 31 January 2023	376	76	110	13	575
At 31 January 2022	380	57	111	14	562

continued...

8. TANGIBLE FIXED ASSETS - continued

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

	Motor vehicles £'000
COST	
At 1 February 2022	80
Additions	40
Transfer to ownership	(23)
At 31 January 2023	97
DEPRECIATION	
At 1 February 2022	57
Charge for year	16
Transfer to ownership	(13)
At 31 January 2023	60
NET BOOK VALUE	
At 31 January 2023	37
At 31 January 2022	23

9. STOCKS

	2023 £'000	2022 £'000
Loose tools and consumables	75	75

There is no significant difference between the replacement cost of the inventory and its carrying amount.There is no provision for impairment (2022:£Nil)

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	387	860
WIP/Accrued Debtors	702	429
Amounts owed by group undertakings	4,357	4,331
Prepayments and accrued income	16	-
Corporation tax receivable	26	-
Deferred tax asset	59	-
	5,547	5,620

Deferred tax asset

	2023 £'000
Accelerated capital allowances	(37)
Tax losses carried forward	94
Other timing differences	2
	59

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. There is no provision for impairment (2022:£Nil)

continued...

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Hire purchase contracts (see note 13)	12	12
Trade creditors	528	243
Corporation tax payable	-	161
Social security and other taxes	112	160
VAT	54	359
Other creditors	535	660
Accruals and deferred income	467	26
	1,708	1,621

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£'000	£'000
Hire purchase contracts (see note 13)	47	25

13. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2023	2022
	£'000	£'000
Net obligations repayable:		
Within one year	12	12
Between one and five years	47	25
	59	37

14. FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities include:

	2023	2022
	£	£
Financial assets measured at amortised cost	5,547	5,620
Financial liabilities measured at amortised cost	(1,755)	(1,325)

Financial asset that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due under finance leases, accruals and deferred income, other creditors and social security and other taxes.

15. PROVISIONS FOR LIABILITIES

	2022
	£'000
Deferred tax	
Accelerated capital allowances	26
Other timing differences	(2)
	24

	Deferred tax
	£'000
Balance at 1 February 2022	24
Credit to Statement of Comprehensive Income during year	(83)
Balance at 31 January 2023	(59)

continued...

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £'000	2022 £'000
11,115,000	Ordinary	£0.01	111	111

17. RESERVES

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 February 2022	6,263	14	346	6,623
Deficit for the year	(67)			(67)
At 31 January 2023	6,196	14	346	6,556

Share premium account
The share premium account represents amounts raised on the initial allotment of share capital in excess of the nominal value of shares issued, less and costs directly attributable to the issue of that share capital.

Capital redemption reserve
The capital redemption reserve represents the amount by which share capital has been reduced on the repurchase of the Company's own shares

Retained earnings
Retained earnings represents the accumulated profits, losses and distributions of the Company.

18. PENSION COMMITMENTS

The pension costs, which represent contributions payable by the Company, amounted to £78,000 (2022: £120,000). Contributions totalling £20,000 (2022: £30,000) were payable to the fund at the Balance Sheet date and are included in creditors.

19. ULTIMATE PARENT COMPANY

Celtic Engineering Holdings Limited is regarded by the director as being the company's ultimate parent company.

Copies of the consolidated financial statements may be obtained from:

Celtic Engineering Holdings Limited
Waterloo Industrial Estate
Pembroke Dock
Pembroke
Pembrokeshire
SA72 4RR

20. CONTINGENT LIABILITIES

The company has a potential contingent liability at 31 January 2023 under the terms of a group cross guarantee arrangement given in respect of certain loans. These loans amount to £95,000 (2022: £95,000).

21. ULTIMATE CONTROLLING PARTY

Celtic Engineering Holdings Limited is owned by a number of private shareholders, none of whom own more than 50% of the issued share capital. Accordingly there is no ultimate controlling party.