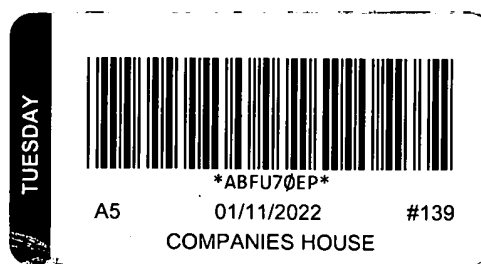


COMPANY REGISTRATION NUMBER: 02209123

Shaw Gibbs Limited
Financial Statements
31 March 2022



Shaw Gibbs Limited
Financial Statements
Year ended 31 March 2022

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Shaw Gibbs Limited

Officers and Professional Advisers

The board of directors

Mr D J F Rickwood
Mr D P O'Connell
Mr S H Neal
Mr L R Smith
Mr E B Edgar-Gibson
Ms S A Gardener
Ms H D Simmons
Mrs L F Buchholz
Ms S J Daniels
Mr P J Watts

Registered office

264 Banbury Road
Oxford
Oxfordshire
OX2 7DY

Auditor

Cox Hinkins Audit Services Limited
Chartered Accountants & Statutory Auditor
The Old Dairy
12 Stephen Road
Headington
Oxford
OX3 9AY

Shaw Gibbs Limited
Strategic Report
Year ended 31 March 2022

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

REVIEW OF THE BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

BUSINESS DEVELOPMENT AND PERFORMANCE

In the year under review, the business has seen strong growth, with turnover increasing by 12.2%. Despite the strong growth in turnover, as the business returned to the office following the COVID-19 lockdowns, it suffered increased costs which resulted in the operating profit of the business decreasing by 4.3%. This was however on the back of strong growth in profitability in the comparative period.

The business continues to focus on its gross margin, however has seen a reduction in its gross profit % from 65.2% in 2021 to 59.9% in 2022. This is driven in part by costs associated with onboarding new clients, as well as by an increase in wage cost in the reporting period. The employment market for experienced accountants, tax and business advisers continues to be challenging with costs continuing to increase. Our strategy continues to be focused on the recruitment, retention and engagement of our people.

The directors are focused on our key value of experts, by bringing on board key strategic level hires and in the year brought on board key senior people including a new head of personal tax and a new senior VAT advisor after the reporting period. This is designed to ensure that we are continuing to develop the range of services we are providing to our clients. The directors continue to look to strengthen certain service offerings in particular in corporate tax where we have increased our senior people offering in the year, and we continue to focus on bringing on board senior people across the business including in audit, accounts, and insolvency.

The business continues to look at its processes and business know-how with the aim of continuing to provide a higher quality and more efficient service to our clients. As part of this we invest in new technology, in particular in the areas of audit and outsourcing to help improve our efficiencies and create capacity in our teams to provide higher quality advisory services to our clients.

The business, both in London and Oxford, acts for a significant number of entrepreneurial businesses, private clients and high net worth individuals, in addition to clients in the firm's specialist sectors of international, property, medical and entertainment (including actors). A key focus for the firm remains on the retention of those clients and in particular working with them to ensure they receive a high level of service and expert advice.

Through our presence in London and Oxford and our membership of the international association, DFK International, we continue to focus on providing a full service financial offering to our clients, both nationally and internationally. We continue to see an increase in our UK based clients looking to trade internationally as well as international clients setting up and operating in the UK.

During the year the company continued to develop, refine and implement its strategy. A key part of our strategy is a focus on our people, specifically by investing in training and development of the team in line with our value of having Experts within the business. In addition to Experts, the business focused on its other values of Innovation, including investment in our systems, processes and technology; Respect and Collaboration, ensuring our teams work well together, with other professionals and with our clients to provide a unified high-quality service.

During the reporting period the business implemented a new flexible working policy. This was driven by the directors in responses to the wishes of the team and to ensure we provide an attractive offering

Shaw Gibbs Limited

Strategic Report *(continued)*

Year ended 31 March 2022

to help recruit and retain people. We continue to evaluate and improve our flexible working policy to ensure it is fit for our business and provides the necessary support to our clients' businesses and our own team. In particular, as a training organisation it is evident that our team learn better through operating in the physical rather than the virtual environment. However, we recognise it is important to continue to offer the flexibility for the team to work from home.

We are very grateful to the dedication and hard work of the team in what continues to be a difficult and challenging period, in particular where almost all teams in the business have vacancies and therefore team members are picking up additional work and responsibilities.

VISION AND STRATEGY

Our vision is to meet our clients' needs by building high performance teams of experts who will develop respectful and collaborative relationships using the latest innovation to gather, process and deliver information and solutions. Our people are key to delivering our service even in this age of innovation and technology. We therefore continue to invest in our people seeking to help them to be the best experts in their respective fields.

The firm and its connected entities continue to focus on working with entrepreneurial businesses, private clients and high net worth individuals. We offer a comprehensive package of services that satisfy corporate and private client demands. This is achieved through the development of a broad range of services that are tailored to assist growing businesses and successful individuals. The service includes advice in areas such as audit, accounts, outsourced accounting and payroll, corporate and business tax and personal tax (including will planning, inheritance tax planning as well as a range of advice around income and capital taxes), corporate finance, financial planning and insolvency & advisory services.

The firm remains committed to our desire to be a full-service organisation providing a complete suite of products and services to meet our clients' needs for all their financial advisory requirements. We continue the process of reviewing our technology usage to identify areas where we need to invest to improve our service to clients, ensuring that our pricing remains competitive and that we deliver the highest quality. At the centre of this offer to our clients will be an ongoing investment in training supported with strategic recruitment of the best people to deliver our services.

Our service will continue to be delivered from our modern offices in Oxford and Marylebone, London, with a focus on developing our client base through Oxfordshire across the Chilterns and Thames Valley market and into the West End in London. We continue to invest in our working environment including our technology and communications systems in the year. This is to ensure we continue to provide a fresh, clean and modern workspace for our staff with the latest workstations and technology for us all to work from.

The firm continues to develop its skills in providing clients with international accounting and tax support. Through its membership of the international association, DFK, the firm is able to provide support, not only to UK businesses looking to trade and expand overseas, but additionally to foreign businesses and individuals seeking to do business in the UK.

RISKS AND ECONOMIC CLIMATE

Our people continue to be the key to the success of our business. We constantly listen to the requirements of our staff and strive to put in place a working environment and a benefits and rewards package that ensures we provide an excellent environment to work in. This has been evident in our staff retention and in particular the number of colleagues who have remained beyond the end of their training contracts and who progress to managers and directors within the business.

Shaw Gibbs Limited

Strategic Report *(continued)*

Year ended 31 March 2022

We continue to monitor the economic environment in which we operate and although the markets in which the majority of our clients are based, London and Oxfordshire, are considered robust economies, we regularly review the impact of property price movements, investment into the local economies in which we operate and the employment market.

In the current period we continue to assess the impact of forecast interest rate rises and inflation on our clients and the uncertainty it brings. As a diverse business both in terms of service lines and in respect of our client base, we have a wide degree of experience and expertise and we use this to continue to work with our clients to make sure they are being provided with the appropriate advice as the economy develops. Our aim is to help to ensure that our clients are in the best place not only to survive the impact of the economic uncertainty but also to take advantage of business opportunities that arise.

KEY PERFORMANCE INDICATORS

The directors and senior management regularly focus on a number of KPI's including sales and gross margin analysis by division, staff productivity and chargeability, as well as those measures referred to above. We also closely monitor the balance sheet position including regular review of working capital movements in trade debtors, work in progress, cash and trade creditors.

This report was approved by the board of directors on 21 Oct 2022
the board by:

and signed on behalf of

Donal Peter O'Connell

Mr D P O'Connell
Director

Shaw Gibbs Limited

Directors' Report

Year ended 31 March 2022

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

Directors

The directors who served the company during the year were as follows:

Mr D J F Rickwood
Mr D P O'Connell
Mr S H Neal
Mr L R Smith
Mr E B Edgar-Gibson
Ms S A Gardener
Ms H D Simmons
Mrs L F Buchholz
Ms S J Daniels
Mr P J Watts

Mrs L Watson (Resigned 9 April 2021)

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Disclosure of information in the strategic report

Details regarding the future developments of the business have been provided within the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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 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 judgments 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.

Shaw Gibbs Limited
Directors' Report *(continued)*
Year ended 31 March 2022

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board of directors on 21 Oct 2022
the board by:

and signed on behalf of

Donal Peter O'Connell

Mr D P O'Connell
Director

Shaw Gibbs Limited

Independent Auditor's Report to the Members of Shaw Gibbs Limited

Year ended 31 March 2022

Opinion

We have audited the financial statements of Shaw Gibbs Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, statement of income and retained earnings, balance sheet, statement of cash flows and the related notes, 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 FRS 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Shaw Gibbs Limited

Independent Auditor's Report to the Members of Shaw Gibbs Limited *(continued)*

Year ended 31 March 2022

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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.

Shaw Gibbs Limited

Independent Auditor's Report to the Members of Shaw Gibbs Limited (continued)

Year ended 31 March 2022

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified the laws and regulations central to the operation of the company and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls.

Having assessed the risks of material misstatement in the financial statements as above, our resultant audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls set in place by management;
- Identifying and reviewing journal entries to ensure that we understood the reasoning behind them, particularly those which appear to be unusual or outside the normal course of business;
- Assessing management assumptions with regard to accounting estimates for any indications of a potential bias;
- Selecting a sample of transactions and tracing to documentation to establish that they are bonafide business transactions; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting irregularities due to fraud is greater than irregularities due to error, as fraud may involve intentional concealment by, for example, forgery, misrepresentation or collusion.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Shaw Gibbs Limited

Independent Auditor's Report to the Members of Shaw Gibbs Limited *(continued)*

Year ended 31 March 2022

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

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

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

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.

M Hinkins

21 Oct 2022

MICHAEL HOWARD HINKINS (Senior Statutory Auditor)

For and on behalf of
Cox Hinkins Audit Services Limited
Chartered Accountants & Statutory Auditor
The Old Dairy
12 Stephen Road
Headington
Oxford
OX3 9AY

Shaw Gibbs Limited
Profit and Loss Account
Year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	7,003,329	6,243,641
Cost of sales		<u>(2,811,060)</u>	<u>(2,171,296)</u>
Gross profit		4,192,269	4,072,345
Administrative expenses		<u>(2,246,520)</u>	<u>(2,103,904)</u>
Other operating income	5	<u>75,924</u>	<u>144,803</u>
Operating profit	6	2,021,673	2,113,244
Interest receivable	10	125	93
Impairment of investments	11	<u>(18,146)</u>	<u>—</u>
Interest payable and similar expenses	12	<u>(176,483)</u>	<u>(179,103)</u>
Profit before taxation		1,827,169	1,934,234
Tax on profit	13	<u>(432,974)</u>	<u>(454,528)</u>
Profit for the financial year		<u>1,394,195</u>	<u>1,479,706</u>

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 15 to 25 form part of these financial statements.

Shaw Gibbs Limited
Statement of Income and Retained Earnings
Year ended 31 March 2022

	Note	2022 £	2021 £
Profit for the financial year and total comprehensive income		1,394,195	1,479,706
Dividends paid and payable	14	(846,554)	(648,480)
Retained earnings at the start of the year		<u>4,795,080</u>	<u>3,963,854</u>
Retained earnings at the end of the year		<u>5,342,721</u>	<u>4,795,080</u>

The notes on pages 15 to 25 form part of these financial statements.

Shaw Gibbs Limited

Balance Sheet

31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	15	4,080,190	4,388,034
Tangible assets	16	151,257	197,427
Investments	17	—	18,146
		<u>4,231,447</u>	<u>4,603,607</u>
Current assets			
Debtors	18	4,133,042	3,794,232
Cash at bank and in hand		1,034,519	872,299
		<u>5,167,561</u>	<u>4,666,531</u>
Creditors: amounts falling due within one year	19	<u>2,681,315</u>	<u>2,619,170</u>
Net current assets		2,486,246	2,047,361
Total assets less current liabilities		6,717,693	6,650,968
Creditors: amounts falling due after more than one year	20	1,371,935	1,852,851
Net assets		<u>5,345,758</u>	<u>4,798,117</u>
Capital and reserves			
Called up share capital	26	1,807	1,807
Capital redemption reserve	27	1,230	1,230
Profit and loss account	27	5,342,721	4,795,080
Shareholders funds		<u>5,345,758</u>	<u>4,798,117</u>

These financial statements were approved by the board of directors and authorised for issue on 21 Oct 2022, and are signed on behalf of the board by:

Donal Peter O'Connell

Mr D P O'Connell
Director

Company registration number: 02209123

The notes on pages 15 to 25 form part of these financial statements.

Shaw Gibbs Limited
Statement of Cash Flows
Year ended 31 March 2022

	Note	2022 £	2021 £
Cash generated from operations	28	2,234,318	2,141,712
Interest paid		(176,483)	(179,103)
Interest received		125	93
Tax paid		(460,277)	(697,089)
Net cash from operating activities		<u>1,597,683</u>	<u>1,265,613</u>
Cash flows from investing activities			
Purchase of tangible assets		(42,024)	(36,892)
Net cash used in investing activities		<u>(42,024)</u>	<u>(36,892)</u>
Cash flows from financing activities			
Proceeds from borrowings		–	1,000,000
Repayments of borrowings		(512,965)	(490,497)
Government grant income		6,153	99,857
Finance lease income		–	17,357
Payments of finance lease liabilities		(40,073)	(33,083)
Dividends paid		(846,554)	(648,480)
Net cash used in financing activities		<u>(1,393,439)</u>	<u>(54,846)</u>
Net increase in cash and cash equivalents		162,220	1,173,875
Cash and cash equivalents at beginning of year		872,299	(301,576)
Cash and cash equivalents at end of year		<u>1,034,519</u>	<u>872,299</u>

The notes on pages 15 to 25 form part of these financial statements.

Shaw Gibbs Limited
Notes to the Financial Statements
Year ended 31 March 2022

1. General information

Shaw Gibbs Limited is a limited company incorporated in England and Wales. The registered office is at 264 Banbury Road, Oxford. The company's principal activity is the provision of business advice and accountancy, tax and related services to its clients.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The financial statements are prepared in sterling which is the functional currency of the entity and rounded to the nearest pound.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management have not had to make any critical judgements in the preparation of these financial statements.

The key accounting estimates and assumptions made in the preparation of these financial statements relate to the valuation and useful life of intangible fixed assets, as well as the useful life of tangible fixed assets, details of which are provided in the accounting policies below.

Revenue recognition

The turnover shown in the profit and loss account represents amounts receivable for work undertaken during the year, exclusive of Value Added Tax.

Revenue from rendering services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that the expenses recognised are recoverable.

Taxation

The tax currently payable is based on taxable profits 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.

Deferred tax is not recognised in respect of any timing differences at the reporting date as all are immaterial.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are recognised as an expense on a straight line basis over the lease term.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- 20 years straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	- 15 years straight line
Fixtures and Fittings	- 3 - 6 years straight line
Equipment	- 2 - 5 years straight line

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, an impairment loss is recognised in the statement of total comprehensive income.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. 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 instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Provision of services	<u>7,003,329</u>	<u>6,243,641</u>

5. Other operating income

	2022	2021
	£	£
Commission receivable	69,771	44,946
Government grant income	<u>6,153</u>	<u>99,857</u>
	<u>75,924</u>	<u>144,803</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Amortisation of intangible assets	307,844	307,844
Depreciation of tangible assets	<u>88,194</u>	<u>81,346</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>7,785</u>	<u>8,665</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Number of technical staff including directors	68	59
Number of administrative and support staff	<u>16</u>	<u>17</u>
	<u>84</u>	<u>76</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	2,692,046	2,169,350
Social security costs	262,770	200,027
Other pension costs	<u>152,898</u>	<u>99,344</u>
	<u>3,107,714</u>	<u>2,468,721</u>

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	99,239	124,357
Company contributions to defined contribution pension plans	62,173	28,392
	<u>161,412</u>	<u>152,749</u>

10. Interest receivable

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>125</u>	<u>93</u>

11. Amounts written off investments

	2022	2021
	£	£
Impairment of investments	<u>18,146</u>	<u>-</u>

12. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	32,253	23,621
Other interest payable and similar charges	144,230	155,482
	<u>176,483</u>	<u>179,103</u>

13. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	432,974	454,528
Tax on profit	<u>432,974</u>	<u>454,528</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Profit on ordinary activities before taxation	1,827,169	1,934,234
Profit on ordinary activities by rate of tax	347,162	367,504
Effect of expenses not deductible for tax purposes	75,298	79,658
Effect of capital allowances and depreciation	10,514	7,366
Tax on profit	<u>432,974</u>	<u>454,528</u>

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022 £	2021 £
Equity dividends on ordinary B shares	571,900	365,068
Equity dividends on ordinary C shares	272,560	277,833
Equity dividends on ordinary D shares	2,094	4,958
Equity dividends on ordinary E shares	—	621
	<u>846,554</u>	<u>648,480</u>

15. Intangible assets

	Goodwill £
Cost	
At 1 April 2021 and 31 March 2022	<u>6,219,032</u>
Amortisation	
At 1 April 2021	1,830,998
Charge for the year	307,844
At 31 March 2022	<u>2,138,842</u>
Carrying amount	
At 31 March 2022	<u>4,080,190</u>
At 31 March 2021	<u>4,388,034</u>

16. Tangible assets

	Leasehold property £	Fixtures & fittings £	Equipment £	Total £
Cost				
At 1 April 2021	198,077	221,047	130,497	549,621
Additions	—	10,981	31,043	42,024
At 31 March 2022	<u>198,077</u>	<u>232,028</u>	<u>161,540</u>	<u>591,645</u>
Depreciation				
At 1 April 2021	171,384	85,485	95,325	352,194
Charge for the year	26,693	35,206	26,295	88,194
At 31 March 2022	<u>198,077</u>	<u>120,691</u>	<u>121,620</u>	<u>440,388</u>
Carrying amount				
At 31 March 2022	—	111,337	39,920	151,257
At 31 March 2021	26,693	135,562	35,172	197,427

Included within the carrying value of tangible assets above are fixtures and fittings of £94,499 (2021: £125,999) held under finance leases or hire purchase agreements.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

17. Investments

	Other investments £
Cost	
At 1 April 2021 and 31 March 2022	<u>263,917</u>
Impairment	
At 1 April 2021	245,771
Impairment charge	<u>18,146</u>
At 31 March 2022	<u>263,917</u>
Carrying amount	
At 31 March 2022	–
At 31 March 2021	<u>18,146</u>

18. Debtors

	2022 £	2021 £
Trade debtors	1,194,005	1,111,310
Prepayments and accrued income	660,365	532,517
Other debtors	<u>2,278,672</u>	<u>2,150,405</u>
	<u>4,133,042</u>	<u>3,794,232</u>

19. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans	281,025	275,100
Trade creditors	883,437	833,623
Accruals and deferred income	510,418	397,419
Corporation tax	456,544	483,847
Social security and other taxes	345,936	323,283
Obligations under finance leases and hire purchase contracts	42,921	40,073
Director loan accounts	135,289	214,861
Other creditors	<u>25,745</u>	<u>50,964</u>
	<u>2,681,315</u>	<u>2,619,170</u>

Bank loans are secured by a debenture comprising fixed and floating charges over all the assets of the company.

Obligations under finance leases and hire purchase contracts are secured on the relevant assets of the company.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

20. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	1,006,662	1,290,667
Obligations under finance leases and hire purchase contracts	35,891	78,812
Director loan accounts	304,524	459,837
Other creditors	24,858	23,535
	<u>1,371,935</u>	<u>1,852,851</u>

Bank loans are secured by a debenture comprising fixed and floating charges over all the assets of the company and are repayable by monthly instalments expiring between November 2023 and December 2028.

Obligations under finance leases and hire purchase contracts are secured on the relevant assets of the company.

Included within other creditors is an amount of £19,557 (2021: £17,494) which is secured by way of a first priority fixed charge over the investments (see note 17) and is repayable upon realisation of the investments.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022	2021
	£	£
Not later than 1 year	42,921	40,073
Later than 1 year and not later than 5 years	35,891	78,812
	<u>78,812</u>	<u>118,885</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £152,898 (2021: £99,344).

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>6,153</u>	<u>99,857</u>

24. Rent concession

During the year, the company was granted rent concessions of £62,000 (2021: £124,000) due to the coronavirus pandemic.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022 £	2021 £
Financial assets measured at fair value through profit or loss		
Other investments	<u>—</u>	<u>18,146</u>
Financial liabilities measured at fair value through profit or loss		
Other creditors	<u>19,557</u>	<u>17,494</u>

26. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary B shares of £0.001 each	762,376	762	762,376	762
Ordinary C shares of £0.001 each	972,622	973	972,622	973
Ordinary D shares of £0.001 each	14,545	15	14,545	15
Ordinary E shares of £0.001 each	57,749	58	57,749	58
	<u>1,807,292</u>	<u>1,807</u>	<u>1,807,292</u>	<u>1,807</u>

Ordinary B shares, Ordinary D shares and Ordinary E shares have full voting and dividend rights and are entitled to return of capital on sale, winding up or capital reduction.

Ordinary C shares have full voting and dividend rights and are entitled to return of capital equal to par on sale, winding up or capital reduction.

27. Reserves

Reserves comprise a profit and loss account to hold distributable profits and a capital redemption reserve to hold shares purchased by the company.

Movements in each of these reserves are disclosed in the statement of changes in equity.

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

28. Cash generated from operations

	2022 £	2021 £
Profit for the financial year	1,394,195	1,479,706
<i>Adjustments for:</i>		
Depreciation of tangible assets	88,194	81,346
Amortisation of intangible assets	307,844	307,844
Impairment of investments	18,146	—
Government grant income	(6,153)	(99,857)
Interest receivable	(125)	(93)
Interest payable and similar expenses	176,483	179,103
Tax on profit	432,974	454,528
Accrued expenses/(income)	112,999	(124,526)
<i>Changes in:</i>		
Trade and other debtors	(338,810)	(88,417)
Trade and other creditors	48,571	(47,922)
	<u>2,234,318</u>	<u>2,141,712</u>

29. Analysis of changes in net debt

	At 1 Apr 2021 £	Cash flows £	At 31 Mar 2022 £
Cash at bank and in hand	872,299	162,220	1,034,519
Debt due within one year	(530,034)	70,799	(459,235)
Debt due after one year	(1,829,316)	482,239	(1,347,077)
	<u>(1,487,051)</u>	<u>715,258</u>	<u>(771,793)</u>

Shaw Gibbs Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

30. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 £	2021 £
Not later than 1 year	314,850	317,850
Later than 1 year and not later than 5 years	1,259,700	209,550
	<u>1,574,550</u>	<u>527,400</u>

31. Directors' advances, credits and guarantees

At 31 March 2022 the company owed £439,813 (2021: £674,698) to its directors by way of outstanding loans.

During the year the company incurred interest due to its directors on their loans of £100,456 (2021: £100,513). As at 31 March 2022 the company owed interest of £100,448 to its directors (2021: £6,269).

32. Related party transactions

During the year dividends of £846,554 (2021: £648,480) were paid to the directors of the company.

Entities over which the entity has control, joint control or significant influence:

	2022 £	2021 £
Interest payable and similar charges	16,400	19,415
Other charges made to related parties	321,160	259,413
Amounts due from related parties	2,236,678	2,111,099

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £161,412 (2021: £162,732).