

Pro-Align Limited

Annual Report and Financial Statements
for the Year Ended 30 September 2021

10. Chartered Accountants
10 Cheyne Walk
Northampton
Northamptonshire
NN1 5PT

Pro-Align Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u> to <u>3</u>
Directors' Report	<u>4</u> to <u>5</u>
Statement of Directors' Responsibilities	<u>6</u>
Independent Auditor's Report	<u>7</u> to <u>11</u>
Profit and Loss Account	<u>12</u>
Statement of Comprehensive Income	<u>13</u>
Balance Sheet	<u>14</u>
Statement of Changes in Equity	<u>15</u>
Statement of Cash Flows	<u>16</u>
Notes to the Financial Statements	<u>17</u> to <u>31</u>

Pro-Align Limited

Company Information

Directors Mr P J Wylie
Mrs K Beaurain
Mr P Beaurain

Company secretary Mrs K Beaurain

Registered office The Old Orchard
Towcester Road
Greens Norton
Towcester
Northamptonshire
NN12 8AN

Auditors 10. Chartered Accountants
10 Cheyne Walk
Northampton
Northamptonshire
NN1 5PT

Pro-Align Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activity

The principal activity of the company is supply of wheel service equipment.

Fair review of the business

The activities of the Company are focused on supplying and servicing wheel service equipment, with a particular focus on wheel alignment and tread depth measurement systems, wheel balancers, tyre changers, vehicle lifts and induction heaters.

The Company supplies products for both the light vehicle and commercial vehicle sectors. It's customers include R&D centres, training facilities, franchised dealerships and body repair specialists, independent tyre shops (from owner operator sites through to the largest groups in the UK) and independent vehicle repair centres.

The Company's products and services support its customers to unlock attractive business opportunities - even when the markets are difficult.

The Directors have to report that turnover increased from £5.47m in 2020 to £6.66m in 2021 - an increase of 22%. A profit before tax of £680k was reported for the year (up from a loss before tax of £70k in 2020). The business recovered well from the previous pandemic year and although the effects were still apparent clearly they were much reduced as the market recovered.

Pro-Align Limited

Strategic Report for the Year Ended 30 September 2021

Key Performance Indicators (KPI's)

The significant KPI's of the Company include the following:

- i) Employment costs - Measuring staff costs against Turnover;
- ii) Stock holding days - Measuring average days stock stays on hand;
- iii) Gross profit percentages - Measuring sales against cost of sales; and
- iv) EBITDA - Comparison of monthly results against budgets.

Due to the commercially sensitive nature of the information the Directors do not consider it appropriate to disclose the actual ratios concerned in this report.

Principal risks and uncertainties

The Company's principle risks are the general economic environment and fluctuations in the exchange rates, which make planning and costing uncertain. The Company's main purchases are in US dollars and to a lesser extent Euros and we manage these closely.

The Company supplies high end products and has exclusive distribution arrangements in place with its major supplier.

It is important to maintain turnover levels in order to support the company's structure. The Directors have successfully extended and continue to look for additional opportunities to spread risk and maximise the potential for the Business.

Approved and authorised by the Board on 12 May 2022 and signed on its behalf by:

.....

Mr P J Wylie
Director

Pro-Align Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors of the company

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

Mr P J Wylie

Mrs K Beaurain - Company secretary and director

Mr P Beaurain

Information included in the Strategic Report

Under section 414C(11) the following information is included in the Strategic Report instead of the Directors Report.

Annual business review;

Key performance indicators; and

Principal risks and uncertainties, including the impact of the Covid-19 Pandemic.

Future developments

The Directors remain confident about the future and have approved significant investment projects for the new financial year. We believe that with the continued focus and commitment of our workforce, we are in a great position to grow the Company and build on our position as the leading supplier of premium quality Wheel Servicing Equipment in the UK.

Going concern and impact of the Covid pandemic

The company continued to be cash generative, during the year and since the balance sheet date and in light of this the Directors have concluded that it is appropriate to prepare the company's financial statements on a going concern basis.

Pro-Align Limited

Directors' Report for the Year Ended 30 September 2021

Disclosure of information to the auditors

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

Reappointment of auditors

The auditors 10. Chartered Accountants are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 12 May 2022 and signed on its behalf by:

.....
Mr P J Wylie
Director

Pro-Align Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Pro-Align Limited

Independent Auditor's Report to the Members of Pro-Align Limited

Opinion

We have audited the financial statements of Pro-Align Limited (the 'company') for the year ended 30 September 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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 original financial statements were authorised for issue.

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

Pro-Align Limited

Independent Auditor's Report to the Members of Pro-Align Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 6], 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.

Pro-Align Limited

Independent Auditor's Report to the Members of Pro-Align Limited

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

Auditor Responsibilities for the audit of the financial statements

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

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

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and

- determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006).
- We communicated relevant 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.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - o the identification, evaluation and compliance with laws and regulations; and
 - o the detection and response to the risks of fraud.

We enquired of management and those charged with governance, whether they were aware of any instances of

- non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquiries to relevant supporting documentation.
- Audit procedures performed by the engagement team included:
 - o evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - o testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - o identifying and testing related party transactions.

Pro-Align Limited

Independent Auditor's Report to the Members of Pro-Align Limited

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - o understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - o knowledge of the industry in which the client operates;
 - o understanding of the legal and regulatory requirements specific to the Company including:
 - the provisions of the applicable legislation;
 - the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - o the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - o the applicable statutory provisions;
 - o the Company's control environments, including the policies and procedures implemented to comply with the requirements of its regulator; the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Pro-Align Limited

Independent Auditor's Report to the Members of Pro-Align Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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.

.....
J David Foster (Senior Statutory Auditor)

For and on behalf of IO. Chartered Accountants, Statutory Auditor

10 Cheyne Walk

Northampton

Northamptonshire

NN1 5PT

12 May 2022

Pro-Align Limited

Profit and Loss Account for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	6,659,893	5,469,232
Cost of sales		<u>(3,250,346)</u>	<u>(2,800,354)</u>
Gross profit		3,409,547	2,668,878
Administrative expenses		(2,799,766)	(3,014,479)
Other operating income	<u>4</u>	<u>83,062</u>	<u>329,398</u>
Operating profit/(loss)	<u>6</u>	<u>692,843</u>	<u>(16,203)</u>
Other interest receivable and similar income	<u>7</u>	212	14
Interest payable and similar expenses	<u>8</u>	<u>(13,514)</u>	<u>(53,345)</u>
		<u>(13,302)</u>	<u>(53,331)</u>
Profit/(loss) before tax		679,541	(69,534)
Tax on profit/(loss)	<u>12</u>	<u>(113,076)</u>	<u>16,839</u>
Profit/(loss) for the financial year		<u><u>566,465</u></u>	<u><u>(52,695)</u></u>

The above results were derived from continuing operations.

Pro-Align Limited

Statement of Comprehensive Income for the Year Ended 30 September 2021

	2021 £	2020 £
Profit/(loss) for the year	566,465	(52,695)
Surplus on property, plant and equipment revaluation	292,873	-
Total comprehensive income for the year	<u>859,338</u>	<u>(52,695)</u>

Pro-Align Limited
(Registration number: 02572576)
Balance Sheet as at 30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>13</u>	1,648,675	1,272,017
Current assets			
Stocks	<u>14</u>	1,603,199	1,739,757
Debtors	<u>15</u>	1,416,885	1,178,475
Cash at bank and in hand		1,690,070	1,581,637
		4,710,154	4,499,869
Creditors: Amounts falling due within one year	<u>17</u>	(782,819)	(851,124)
Net current assets		3,927,335	3,648,745
Total assets less current liabilities		5,576,010	4,920,762
Creditors: Amounts falling due after more than one year	<u>17</u>	(154,776)	(190,292)
Provisions for liabilities	<u>18</u>	(128,537)	(63,867)
Net assets		5,292,697	4,666,603
Capital and reserves			
Called up share capital		150	150
Revaluation reserve		292,873	-
Retained earnings		4,999,674	4,666,453
Shareholders' funds		5,292,697	4,666,603

Approved and authorised by the Board on 12 May 2022 and signed on its behalf by:

.....
Mr P J Wylie
Director

Pro-Align Limited

Statement of Changes in Equity for the Year Ended 30 September 2021

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 October 2020	150	-	4,666,453	4,666,603
Profit for the year	-	-	566,465	566,465
Other comprehensive income	-	292,873	-	292,873
Total comprehensive income	-	292,873	566,465	859,338
Dividends	-	-	(233,244)	(233,244)
At 30 September 2021	150	292,873	4,999,674	5,292,697

	Share capital £	Retained earnings £	Total £
At 1 October 2019	150	4,952,392	4,952,542
Loss for the year	-	(52,695)	(52,695)
Dividends	-	(233,244)	(233,244)
At 30 September 2020	150	4,666,453	4,666,603

Pro-Align Limited

Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		566,465	(52,695)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	178,571	189,128
Profit on disposal of tangible assets	<u>5</u>	(21,043)	(41,930)
Finance income	<u>7</u>	(212)	(14)
Finance costs	<u>8</u>	2,301	3,563
Income tax expense	<u>12</u>	113,076	(16,839)
		839,158	81,213
Working capital adjustments			
Decrease/(increase) in stocks	<u>14</u>	136,558	(48,063)
(Increase)/decrease in trade debtors	<u>15</u>	(238,410)	307,819
(Decrease)/increase in trade creditors	<u>17</u>	(174,943)	203,694
Cash generated from operations		562,363	544,663
Income taxes paid	<u>12</u>	(10,466)	(50,819)
Net cash flow from operating activities		551,897	493,844
Cash flows from investing activities			
Interest received	<u>7</u>	212	14
Acquisitions of tangible assets		(207,735)	(18,962)
Proceeds from sale of tangible assets		35,120	89,681
Net cash flows from investing activities		(172,403)	70,733
Cash flows from financing activities			
Interest paid	<u>8</u>	(2,301)	(3,563)
Proceeds from bank borrowing draw downs		(35,516)	(34,660)
Dividends paid	<u>22</u>	(233,244)	(233,244)
Net cash flows from financing activities		(271,061)	(271,467)
Net increase in cash and cash equivalents		108,433	293,110
Cash and cash equivalents at 1 October		1,581,637	1,288,527
Cash and cash equivalents at 30 September		1,690,070	1,581,637

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

1 General information

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

The address of its registered office is:

The Old Orchard
Towcester Road
Greens Norton
Towcester
Northamptonshire
NN12 8AN

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

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

Going concern

Pro-Align Limited meets its day to day working capital requirements through a combination of cash at bank and bank loan facilities. The company continued to be cash generative since the balance sheet date and in light of this the Directors have concluded that it is appropriate to prepare the company's financial statements on a going concern basis.

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

2 Accounting policies (continued)

Judgements

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' best judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be appropriate.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

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 reasonable under the circumstances.

The key accounting estimates and assumptions of the company are:

Valuation of stocks;

Bad debts;

Impairment of assets; and

Valuation and impairment of debtors..

Revenue recognition

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

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised as income if all performance conditions have been met in full. For furloughed employees this will happen over the period of furlough and the grant will therefore be recognised on a straight-line basis against the wages costs.

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

2 Accounting policies (continued)

Foreign currency transactions and balances

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

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

Tax

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

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

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

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

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

Tangible assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Freehold property	2% on reducing balance
Plant and machinery	25% on reducing balance
Fixtures and fittings	40% on reducing balance and 25% on reducing balance

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

2 Accounting policies (continued)

Motor vehicles 30% on reducing balance

Cash and cash equivalents

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

Trade debtors

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

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost was determined using the weighted average method in prior years however the company moved to a first in first out (FIFO) valuation method to protect from the unstable foreign exchange movements during the year.

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

Trade creditors

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

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

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

2 Accounting policies (continued)

Borrowings

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

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

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

Leases

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

Share capital

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

Dividends

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

Defined contribution pension obligation

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

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

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

2 Accounting policies (continued)

Financial instruments

Classification

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments such as loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods, UK	6,578,947	5,388,137
Sale of goods, Europe	80,946	81,095
	<u>6,659,893</u>	<u>5,469,232</u>

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

4 Other operating income

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

	2021	2020
	£	£
Other operating income - grants	83,062	329,398

5 Other gains and losses

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

	2021	2020
	£	£
Gain on disposal of tangible assets	21,043	41,930

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	178,571	189,128
Operating lease expense - plant and machinery	9,317	9,986
Profit on disposal of property, plant and equipment	(21,043)	(41,930)

7 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	212	-
Other finance income	-	14
	212	14

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	2,301	3,563
Foreign exchange gains	11,213	49,782
	13,514	53,345

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

9 Staff costs

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

	2021	2020
	£	£
Wages and salaries	1,667,541	1,771,456
Social security costs	165,534	152,028
Pension costs, defined contribution scheme	65,163	62,949
	<u>1,898,238</u>	<u>1,986,433</u>

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

	2021	2020
	No.	No.
Administration and support	44	49
Sales, marketing and distribution	10	13
	<u>54</u>	<u>62</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	<u>29,001</u>	<u>27,880</u>

11 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>3,525</u>	<u>3,390</u>

	2021	2020
	£	£
All other non-audit services	<u>3,905</u>	<u>3,801</u>

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

12 Taxation

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

	2021 £	2020 £
Current taxation		
UK corporation tax	117,104	10,481
Deferred taxation		
Arising from changes in tax rates and laws	(4,028)	(27,320)
Tax expense/(receipt) in the income statement	<u>113,076</u>	<u>(16,839)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>679,541</u>	<u>(69,534)</u>
Corporation tax at standard rate	129,113	(13,211)
Decrease from effect of different UK tax rates on some earnings	(4,029)	(27,320)
Tax (decrease)/increase from effect of capital allowances and depreciation	<u>(12,008)</u>	<u>23,692</u>
Total tax charge/(credit)	<u>113,076</u>	<u>(16,839)</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated Tax depreciation	-	141,828
	<u>-</u>	<u>141,828</u>
2020		
Accelerated Tax depreciation	-	63,867
	<u>-</u>	<u>63,867</u>

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £
Cost or valuation				
At 1 October 2020	1,345,820	413,047	958,182	99,430
Revaluations	361,572	-	-	-
Additions	-	1,652	204,109	1,973
Disposals	-	(21,085)	(100,929)	-
At 30 September 2021	1,707,392	393,614	1,061,362	101,403
Depreciation				
At 1 October 2020	436,460	350,209	677,285	80,508
Charge for the year	20,932	21,898	130,506	5,235
Eliminated on disposal	-	(20,423)	(87,514)	-
At 30 September 2021	457,392	351,684	720,277	85,743
Carrying amount				
At 30 September 2021	1,250,000	41,930	341,085	15,660
At 30 September 2020	909,360	62,838	280,897	18,922

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

13 Tangible assets (continued)

	Total £
Cost or valuation	
At 1 October 2020	2,816,479
Revaluations	361,572
Additions	207,734
Disposals	<u>(122,014)</u>
At 30 September 2021	<u>3,263,771</u>
Depreciation	
At 1 October 2020	1,544,462
Charge for the year	178,571
Eliminated on disposal	<u>(107,937)</u>
At 30 September 2021	<u>1,615,096</u>
Carrying amount	
At 30 September 2021	<u>1,648,675</u>
At 30 September 2020	<u>1,272,017</u>

Included within the net book value of land and buildings above is £1,250,000 (2020 - £909,360) in respect of freehold land and buildings.

Revaluation

The fair value of the company's Land and buildings was revalued on 16 June 2021 by an independent valuer. Had this class of asset been measured on a historical cost basis, the carrying amount would have been £888,428 (2020 - £909,360).

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>1,603,199</u>	<u>1,739,757</u>

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

15 debtors

		2021	2020
Current	Note	£	£
Trade debtors		1,330,554	1,129,201
Amounts owed by related parties	<u>24</u>	52,448	-
Other debtors		7,306	21,801
Prepayments		26,577	27,473
		<u>1,416,885</u>	<u>1,178,475</u>

16 Cash and cash equivalents

		2021	2020
		£	£
Cash on hand		180	170
Cash at bank		1,689,890	1,581,467
		<u>1,690,070</u>	<u>1,581,637</u>

17 Creditors

		2021	2020
	Note	£	£
Due within one year			
Loans and borrowings	<u>21</u>	35,088	35,088
trade creditors		347,011	406,356
Social security and other taxes		225,337	389,689
Outstanding defined contribution pension costs		6,514	-
Other payables		351	6,851
Accruals		51,400	2,660
Income tax liability	<u>12</u>	117,118	10,480
		<u>782,819</u>	<u>851,124</u>
Due after one year			
Loans and borrowings	<u>21</u>	<u>154,776</u>	<u>190,292</u>

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 October 2020	63,867	63,867
Additional provisions	64,670	64,670
At 30 September 2021	128,537	128,537

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £65,163 (2020 - £62,949).

Contributions totalling £6,514 (2020 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary share capital of £1 each	150	150	150	150

21 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	154,776	190,292

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

21 Loans and borrowings (continued)

	2021	2020
	£	£
Current loans and borrowings		
Bank borrowings	35,088	35,088

Bank borrowings

Bank loan is denominated in with a nominal interest rate of 1% over base%, and the final instalment is due on 19 October 2026. The carrying amount at year end is £190,292 (2020 - £225,380).

The bank loan is secured by a fixed charge over the freehold property.

22 Dividends

	2021	2020
	£	£
Interim dividend of £1,554.96 (2020 - £1,554.96) per ordinary share	233,244	233,244

23 Commitments

Capital commitments

Plant and machinery

The total amount contracted for but not provided in the financial statements was £170,120 (2020 - £Nil).

Pro-Align Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

24 Related party transactions

Key management compensation

	2021	2020
	£	£
Salaries and other short term employee benefits	29,001	27,880

Other transactions with directors

Summary of transactions with entities with joint control or significant interest

Pro-Align Ireland Limited, an Irish company owned by the majority of the Pro-Align Limited shareholders.

Income and receivables from related parties

	Entities with joint control or significant influence
2021	£
Sale of goods	121,118
Amounts receivable from related party	450,217
2020	£
Sale of goods	184,094
Amounts receivable from related party	296,028

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.