

- Parent company accounts of Ralph Martindale (England) Limited
- Disclosure of exemption included on page 44

# Ralph Martindale and Company Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st December 2022



Company Registration No. 65418

# Ralph Martindale and Company Limited

## Corporate Information

### **DIRECTORS:**

Shaun Fox  
Nigel Ensor  
Arunangshu Mookherjee  
Abdul Beydoun  
Yohannes Mckbebe  
Alexandre Karkour

### **SECRETARY:**

Shaun Fox

### **REGISTERED OFFICE:**

Crocodile House  
Strawberry Lane  
Willenhall  
West Midlands, WV13 3RS  
England  
E-Mail: [Group@RalphMartindale.com](mailto:Group@RalphMartindale.com)  
Website: [www.RalphMartindale.com](http://www.RalphMartindale.com)

### **AUDITORS:**

RSM UK Audit LLP  
10<sup>th</sup> Floor  
103 Colmore Row  
Birmingham  
West Midlands  
B3 3AG

### **SOLICITORS:**

Osborne Clarke LLP  
Halo  
Counterslip  
Bristol  
BS1 6AG

### **BANKERS:**

Barclays Bank PLC  
P. O. Box 3333  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B3 2WN

### **COMPANY REGISTRATION NUMBER:**

00065418

# Ralph Martindale and Company Limited

## STRATEGIC REPORT

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The Directors present their reports and the audited Group Financial Statements for the year ended 31<sup>st</sup> December 2022.

### PRINCIPAL ACTIVITIES

During the year to 31<sup>st</sup> December 2022 the Group was principally engaged in the manufacture and sale of agricultural hand tools.

The Group results for the year are set out on pages 13 and 14.

### BUSINESS REVIEW

Total Group external turnover for the 12 months period ended 31<sup>st</sup> December 2022 was £17,022,865, compared to £16,924,497 reported for the same period 2021, an increase of 1%. In Africa, there was a decrease of 2% in turnover when local currencies revenues are translated into Sterling, whilst in Asia, there was an increase of 4% when local revenues are expressed in Sterling.

Group matchet volume sales for the year ended 31<sup>st</sup> December 2022 were up by 3% when compared to those for 2021, however, Group hoe volume sales decreased by 30% compared with the high level of hoe sales achieved in 2021.

Group Gross Profit for the year ended 31<sup>st</sup> December 2022 was £4,517,065, or 27% of Turnover of £17,022,865, compared to a 2021 Gross Profit of £6,408,745, being 38% on Turnover of £16,924,497. Group Gross Profit for the year ended 31<sup>st</sup> December 2022 was significantly affected by exceptional costs charged to cost of sales of £1,291,955, relating to a provision made for stocks which are currently unable to be cleared from an overseas port. This provision has been made due to the uncertainty regarding when the stocks will be released, and the current lack of evidence available to support their existence and valuation. Excluding the above-mentioned exceptional costs, the Group Gross Profit for 2022 was 34% of Turnover. Gross profit margins in 2022 were also adversely impacted by increases in materials, freight and utility costs compared with 2021.

Group Operating Profit for the year ended 31<sup>st</sup> December 2022 was £1,352,179, compared to £3,193,186 for 2021. There was an overall 2% decrease in 2022 in relation to Distribution costs and Administration expenses when compared to 2021.

Foreign exchange gains included in the Consolidated Statement of Comprehensive Income in 2022 were £3,328, compared to £31,898 in 2021.

Group Taxation for 2022 was £768,678, compared to £584,992 for 2021. The increase in 2022 primarily relates to the higher tax charges based on increased profitability in the Group's subsidiary companies in Ghana and Thailand. Group Profit After Tax for the year ended 31<sup>st</sup> December 2022 was £534,775, compared to a Group Profit After Tax of £2,563,050 for 2021.

Cash Flow used in operations during 2022 was £568,373, primarily reflecting increased investment in Group stocks during the year. After taking into account dividends paid to controlling shareholders in 2022, as well as other cash flow movements, there was an overall decrease in Group Cash in the year of £2,725,274. Total Group Cash and Cash Equivalents as at 31<sup>st</sup> December 2022 were reported as £1,264,025, compared to £4,032,632 as at 31<sup>st</sup> December 2021. The Group has generated positive cash flows in 2023 to date, and there are significant unused bank facilities available in the Group to assist with cash requirements.

The Pension Scheme deficit, calculated by independent actuaries to be £981,000 as at 31<sup>st</sup> December 2021, changed to a surplus of £137,000 as at 31<sup>st</sup> December 2022, primarily due to changes in actuarial assumptions used.

Group Debtors as at 31<sup>st</sup> December 2022 amounted to £1,945,748 (2021: £2,251,374), and Group Creditors amounted to £2,974,426 (2021: £2,745,479). Group Stocks as at 31<sup>st</sup> December 2022, after accounting for the exceptional stock provision, amounted to £8,618,379, compared with £8,086,503 as at 31<sup>st</sup> December 2021.

Group Net Assets at 31<sup>st</sup> December 2022 were £17,097,052, a decrease of £1,317,701 compared to Group Net Assets of £18,414,753 at 31<sup>st</sup> December 2021.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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### RISKS AND UNCERTAINTIES

There are a number of continuing risks and uncertainties that could impact adversely upon the Group's performance; these risks are persistent, and are constantly reviewed:

#### Banking Arrangements, Foreign Currency Risk, & Cash Flow

The Group has banking arrangements in Africa, Asia, and Europe, servicing our trading companies in Ghana, Nigeria, Thailand, and England. Interruption in any of those facilities would impact negatively on the operations of these companies.

Interest rate levels in some countries can on occasions be exceptionally high; the degree of exposure to, and movements in those rates can affect finance costs and hence Group results.

Major companies in the Group are established and trade in overseas countries where national currencies are "soft" and where translation of results into Sterling for reporting purposes can affect the Group's published consolidated financial performance.

#### Abrupt Legislative Changes in Countries Where Group Companies Operate

Changes in importation regulations for both raw materials and finished goods; increased exposure from abrupt amendments to and novel interpretations of taxation and excise laws; and non-observance of regional trading treaties to the detriment of Group host countries can and do affect the operations and profitability of Group companies.

#### Inefficiencies and Structural Shortcomings in Regional Markets

Inefficiencies and mismanagement in infrastructure support systems and in operations such as freight clearance from ports in particular markets can have an effect of delaying realisation of sales, and consequently receipt of revenues.

#### Political Risk

The Group has subsidiary companies on three continents; some of these subsidiaries are in countries that could quickly become unstable, with related risks affecting the continuation of business, and with consequent effects on the Group's consolidated performance.

#### Key Facilities and Plant

Group companies operate bespoke plant and machinery that is essential for the Group to function efficiently. Insurance and other measures are in place to mitigate against potential events in any one location, but there can be no guarantee that these measures will be adequate in all circumstances. We do, of course, continue to upgrade and modernise plant and equipment and manufacturing processes.

#### Raw Material & Energy Prices

Prices can fluctuate, often abruptly and by substantial percentages, for the Group's basic raw material, steel, which is procured with our specific chemical properties requirements. This type of cost movement is outside our control, and, in the competitive markets where our products are sold, cannot always be passed on immediately in our selling prices.

Increasingly difficult access to and procurement of suitable timber supplies for tool components could give rise to production and cost considerations.

The Group's manufacturing operations are entirely dependent upon the availability and costs of energy. Interruptions in supply or increases in energy prices will have an effect on business costs and resultant margins. In certain countries where we operate, the supply of state energy resources can be erratic in the extreme, requiring us to resort to more expensive alternative forms of power generation.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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### RISKS AND UNCERTAINTIES (continued)

#### Competition from Low-Cost Sources

The main users of our products are rural farmers throughout the world, and matchet, hoe, and oil palm sickles prices have always been a factor in their decision-making as to which working tools to purchase. We contend with this particular marketing consideration by ensuring that our products are markedly superior in quality and longer lasting compared to other inferior tools; the Company has strenuously implemented the highest quality standards for 149 years, and while always seeking to reduce manufacturing costs so as to facilitate lower selling prices, we must maintain that qualitative edge without sacrificing excellence.

The Company's registered trademarks, recognised as foremost in our field of business activity, are frequently illegally copied, and specialist intellectual property attorneys are used by the Company to take action to protect our trademarks wherever commercially feasible.

#### Climatic & Environmental Considerations

Climatic aberrations, such as unusually severe droughts or floods affecting agricultural activities in some of the markets we serve can have varying impacts on demand for the type of products that we manufacture and sell.

#### Commercial Relationships

The Group has longstanding commercial relationships with a number of key customers and suppliers throughout the world. Unanticipated changes in these relationships could have an impact on the Group's reported results until alternative arrangements are put in place.

#### Human Resources

The Group has companies in Europe, Asia, and Africa, and markets its products throughout the world. Should the Group lose the services of its experienced key personnel it could have a material effect on the Group's business in the short to medium term.

#### Pensions

The Company has pension scheme obligations that are calculated on the basis of actuarial assumptions. These are subject to changes in various factors outside the Company's control and could lead to an increase (or reduction) in the pension scheme deficit or surplus, the level of Company contributions, and its compliance costs.

### KEY PERFORMANCE INDICATORS

The Board continuously reviews the strategic and financial progress of the Group using, among others, the following financial and non-financial key performance indicators (KPIs).

#### Financial KPIs

##### Turnover

Turnover is considered in both price and volume terms.

##### Operating Margins

Operating margins are regularly reviewed in all Group manufacturing companies. Product selling prices are adjusted to respond to competition; to accommodate cost increases; to mitigate foreign currencies movements; and to improve margins. All costs, both direct and indirect, are reviewed on a regular basis.

##### Cash Flow

The Group has banking facilities with different banks in four countries, each with varying collateral requirements. Cash flow management is considered to be of paramount importance to avoid exposure through any breach of our banks' facilities terms and conditions, as well as to minimise the excessive interest charges that prevail in West Africa.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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The Group seeks to repatriate funds in hard currencies into the United Kingdom as soon as commercially feasible.

### Operating Budgets

All manufacturing Group companies prepare comprehensive Operating Budgets, and these are regularly reviewed to take account of changing circumstances.

### Non-financial KPIs

#### Health & Safety

Health and safety matters are reviewed on a regular basis, at both parent company and subsidiary company level.

## STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Board of Directors consider that they have operated the business during the year ended 31<sup>st</sup> December 2022 in a way that is appropriate to promote the success of the Company for the benefit of its members as a whole, having regard to stakeholders and matters set out in s172(1) (a-f) of the Act.

In response to the far-reaching effects of the Coronavirus pandemic, the Company took the prudent decision to focus on volume-led competitive growth in known markets, and the delivery of underlying operating profit and free cash flow, as the best means of maximising value. The results for the year ended 31<sup>st</sup> December 2021 confirmed that those objectives were met, with an improvement in operating profit and strong cash flow. However, 2022 has been a more challenging year due to the impact of increases in materials, freight and utility costs, as well as certain exceptional costs incurred.

As the Board of Directors, our commitment is to conduct affairs in a responsible and professional manner, with full regard to relevant codes of good governance and applicable statutory law, both within the holding Company and in all subsidiary companies wherever situated. Directors of the Company are also members of Group companies' Boards in Thailand, Ghana, and Nigeria.

When making strategic decisions the Directors have taken into account the likely consequences of these decisions in the medium to long term.

#### - Employees:

The Company appreciates and understands the importance of the role of each of its employees, and through regular management meetings is able to keep all employees aware of product and market developments. Virtual meetings are held by video link on a regular basis so as to maintain inclusiveness of UK and overseas based managers regarding relevant business matters and Group operations.

#### - Customers:

The Company and Group have always been customer focused and maintain good relations with distributors of many years standing. Given the worldwide locations of markets for our products, members of our Board and Group senior management teams have many years' experience of international markets and their varying peculiar business practices and requirements.

#### - Suppliers:

The Company is committed to fair payment practices for all our valued suppliers, and is conscious of the value of reputation in this respect.

#### - Community and the environment:

The Company and Group supports various charities to enable local communities in Ghana and Thailand. Our overseas companies also arrange annual events and occasions for their respective farming communities.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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- Business conduct:

The Company's policy is to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever it operates.

On behalf of the board



S. Fox  
Director

25<sup>th</sup> September 2023

# Ralph Martindale and Company Limited

## DIRECTORS' REPORT

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### DIVIDENDS AND APPROPRIATIONS

The Directors do not recommend the payment of a final Ordinary dividend in respect of the year ended 31<sup>st</sup> December 2022 (2021: nil).

An interim dividend of £0.56 was paid on the Ordinary shares in respect of the year ended 31<sup>st</sup> December 2022 amounting to £2,002,903 (2021: nil).

The total dividend paid on Preference shares for the year amounted to £45,161 (2021: £45,161).

### FUTURE DEVELOPMENTS

Work is continuing on the development of the existing business, and in particular, on expanding markets and product lines in those markets. The development of new markets is also being evaluated.

Certain plant and equipment is being upgraded at our Group factories in Ghana and Thailand in order to improve efficiencies and reduce production costs.

### EMPLOYMENT POLICY

The Directors believe that it is important to develop good working relations by the use of clear channels of communication. Each company in the Group is encouraged to implement comprehensive employment policies designed to identify employees with its achievements. In practice, the responsibility for communicating with the workforce rests with managers at each UK and Overseas subsidiary company.

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitude and abilities.

### DIRECTORS

The Directors of the Company who served during the year were as follows:

S. Fox  
N. Ensor  
A. Beydoun  
Y. Mekbebe  
A. Karkour  
A. Mookherjee (appointed 15<sup>th</sup> October 2022)  
A. Tseppis (resigned 31<sup>st</sup> March 2023)

Qualifying third party indemnity provision is in place for the benefit of all Directors of the company.

# Ralph Martindale and Company Limited

## DIRECTORS' REPORT (continued)

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### FINANCIAL INSTRUMENTS

In accordance with Section 414C(II) of the Companies Act 2006, information in respect of financial instruments and post balance sheet events is included in the Strategic Report.

### STREAMLINED CARBON AND ENERGY REPORTING

This report relates to the Company's Greenhouse Gas ("GHG") emissions, for which it is directly responsible, for the years ended 31st December 2022 and 2021. The Company's energy usage relates to electricity consumed at its UK premises, and the reported kWh consumption has been derived from supplier invoices.

The Company's energy usage, in kWh, has been converted to carbon dioxide equivalent (CO2e) emissions using UK Government GHG Conversion Factors.

Primary intensity metric	Floor Space (m2) – 370.95 m2		
Carbon emissions (CO2e units)	Kg of CO2e	2022	2021
Kg of CO2		17,007.68	20,999.97
Kg of CO2 / m2		45.85	56.61
Scope 2 – Indirect CO2 emissions			
Electricity		66,540	82,160

The Company is committed to monitoring, and where possible, reducing its GHG emissions in the future.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board,  
Crocodile House,  
Strawberry Lane,  
Willenhall,  
West Midlands WV13 3RS



S. Fox,  
Director

25<sup>th</sup> September 2023

# Ralph Martindale and Company Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Strategic Report and the 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RALPH MARTINDALE AND COMPANY LIMITED

## Opinion

We have audited the financial statements of Ralph Martindale and Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's 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 group and parent 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

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

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

We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RALPH MARTINDALE AND COMPANY LIMITED (CONTINUED)

## **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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 set out on page 9, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RALPH MARTINDALE AND COMPANY LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment law compliance, Health & Safety at work, the Commercial & Civil Law in Thailand, the Provisions of Company and Allied Matter Act (CAMA) in Nigeria and the Companies Act 2019 in Ghana. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations.

The Group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and performance of procedures including tests of detail on revenue transactions recognised in the year to supporting documentation.

All relevant laws and regulations identified at a group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by component auditors were considered in our group audit approach

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

### Use of our report

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

*RSM UK Audit LLP*

Richard Eccles FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
10<sup>th</sup> Floor  
Colmore Row  
Birmingham  
West Midlands  
B3 3AG

Date: 25 September 2023

**Ralph Martindale and Company Limited**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31<sup>st</sup> December 2022

	<i>Notes</i>	31 <sup>st</sup> December, 2022 £	31 <sup>st</sup> December, 2021 £
TURNOVER	1	17,022,865	16,924,497
Cost of sales before exceptional item		(11,213,845)	(10,515,752)
Cost of sales – exceptional item	2	(1,291,955)	-
GROSS PROFIT		4,517,065	6,408,745
Distribution costs		(522,926)	(429,560)
Administrative expenses		(2,641,960)	(2,785,999)
OPERATING PROFIT		1,352,179	3,193,186
Other interest receivable and similar income	4	13,435	18,017
Interest payable and similar charges	5	(62,161)	(63,161)
PROFIT BEFORE TAXATION	2	1,303,453	3,148,042
Taxation	6	(768,678)	(584,992)
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		534,775	2,563,050

# Ralph Martindale and Company Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued) for the year ended 31<sup>st</sup> December 2022

	<i>Notes</i>	31 <sup>st</sup> December, 2022 £	31 <sup>st</sup> December, 2021 £
PROFIT AFTER TAX		534,775	2,563,050
OTHER COMPREHENSIVE INCOME BEFORE TAX:			
Revaluation of land and buildings	8	1,137,880	277,377
Actuarial gains on defined benefit pension plans	19	1,025,000	429,000
Currency translation losses		(1,106,505)	(581,547)
		<u>756,375</u>	<u>124,830</u>
Total other comprehensive income before tax		756,375	124,830
Deferred tax adjustment in respect of pension liability	19	(256,000)	(20,000)
Deferred tax on property revaluations	15	(346,556)	(57,000)
		<u>153,819</u>	<u>47,830</u>
Total other comprehensive income/(expense), after tax		153,819	47,830
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>688,594</u></u>	<u><u>2,610,880</u></u>
Attributable to:			
Owners of the parent		1,112,414	2,541,429
Non-controlling interests (minority interests)		(423,820)	69,451
		<u><u>688,594</u></u>	<u><u>2,610,880</u></u>

# Ralph Martindale and Company Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31<sup>st</sup> December 2022

Company Registration No. 65418

	Notes	31 <sup>st</sup> December, 2022 £	31 <sup>st</sup> December, 2021 £
<b>FIXED ASSETS</b>			
Tangible assets	8	9,584,743	8,979,179
		<u>9,584,743</u>	<u>8,979,179</u>
<b>CURRENT ASSETS</b>			
Stocks	10	8,618,379	8,086,503
Debtors due within one year	11	1,945,748	2,251,374
Cash at bank and in hand		1,264,025	4,032,632
		<u>11,828,152</u>	<u>14,370,509</u>
CREDITORS: Amounts falling due within one year	13	(2,974,426)	(2,745,479)
<b>NET CURRENT ASSETS</b>		<u>8,853,726</u>	<u>11,625,030</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>18,438,469</u>	<u>20,604,209</u>
CREDITORS: Amounts falling due after one year	14	(311,076)	(311,076)
Provisions for liabilities	15	(1,167,341)	(897,380)
<b>NET ASSETS EXCLUDING PENSION ASSET/(LIABILITY)</b>		<u>16,960,052</u>	<u>19,395,753</u>
PENSION ASSET/(LIABILITY)	19	137,000	(981,000)
<b>NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)</b>		<u>17,097,052</u>	<u>18,414,753</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3,576,612	3,576,612
Profit and loss account		11,436,285	12,419,390
Revaluation reserve		2,817,080	2,724,464
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO:</b>			
- Owners of the parent		17,829,977	18,720,466
- Non-controlling interests (minority interests)		(732,925)	(305,713)
<b>TOTAL EQUITY</b>		<u>17,097,052</u>	<u>18,414,753</u>

The financial statements on pages 13 to 45 were approved by the board and authorised for issue on 25<sup>th</sup> September 2023, and signed on its behalf by:



S. Fox - Director



N. Ensor - Director

# Ralph Martindale and Company Limited

## COMPANY STATEMENT OF FINANCIAL POSITION

31<sup>st</sup> December 2022

Company Registration No. 65418

	Notes	31 <sup>st</sup> December, 2022 £	31 <sup>st</sup> December, 2021 £
<b>FIXED ASSETS</b>			
Tangible assets	8	411,593	424,648
Investments	9	2,733,126	2,733,126
		<u>3,144,719</u>	<u>3,157,774</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	11	1,857,313	1,711,943
Debtors due after more than year	12	2,736,022	3,198,230
Cash at bank and in hand		182,037	966,492
		<u>4,775,372</u>	<u>5,876,665</u>
CREDITORS: Amounts falling due within one year	13	(930,020)	(865,048)
<b>NET CURRENT ASSETS</b>		<u>3,845,352</u>	<u>5,011,617</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,990,071</u>	<u>8,169,391</u>
CREDITORS: Amounts falling due after one year	14	(311,076)	(311,076)
<b>NET ASSETS EXCLUDING PENSION ASSET/(LIABILITY)</b>		<u>6,678,995</u>	<u>7,858,315</u>
PENSION ASSET/(LIABILITY)	19	137,000	(981,000)
<b>NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)</b>		<u>6,815,995</u>	<u>6,877,315</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3,576,612	3,576,612
Profit and loss account		3,239,383	3,300,703
<b>TOTAL EQUITY</b>		<u>6,815,995</u>	<u>6,877,315</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income for the year were £1,172,583 (2021: £735,087) and £1,941,583 (2021: £1,144,087), respectively.

The financial statements on pages 13 to 45 were approved by the board and authorised for issue on 25<sup>th</sup> September 2023, and signed on its behalf by:



S. Fox - Director



N. Ensor - Director

**Ralph Martindale and Company Limited**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31<sup>st</sup> December 2022

	Notes	Share Capital £	Profit and Loss Account £	Revaluation Reserve £	Controlling Interest £	Non Controlling Interest £	Total £
<b>Balance at 1<sup>st</sup> January 2021</b>		3,576,612	9,975,529	2,626,896	16,179,037	(370,140)	15,808,897
Profit for the year		-	2,548,504	-	2,548,504	14,546	2,563,050
Other comprehensive income, net of tax:							
Revaluation of land and buildings		-	-	193,788	193,788	26,589	220,377
Actuarial gains on defined benefit plans	19	-	409,000	-	409,000	-	409,000
Currency translation differences		-	(513,643)	(96,220)	(609,863)	28,316	(581,547)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		-	2,443,861	97,568	2,541,429	69,451	2,610,880
Transactions with owners in their capacity as owners:							
Dividends paid		-	-	-	-	(5,024)	(5,024)
Issue of shares		-	-	-	-	-	-
<b>TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>		-	-	-	-	(5,024)	(5,024)
<b>Balance at 31<sup>st</sup> December 2021</b>		3,576,612	12,419,390	2,724,464	18,720,466	(305,713)	18,414,753

**Ralph Martindale and Company Limited**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
for the year ended 31<sup>st</sup> December 2022

	Notes	Share Capital £	Profit and Loss Account £	Revaluation Reserve £	Controlling Interest £	Non Controlling Interest £	Total £
<b>Balance at 1<sup>st</sup> January 2022</b>		3,576,612	12,419,390	2,724,464	18,720,466	(305,713)	18,414,753
Profit/(loss) for the year			806,562	-	806,562	(271,787)	534,775
Other comprehensive income, net of tax:							
Revaluation of land and buildings		-	-	731,650	731,650	59,674	791,324
Actuarial gains on defined benefit plans	19	-	769,000	-	769,000	-	769,000
Currency translation differences		-	(555,764)	(639,034)	(1,194,798)	(211,707)	(1,406,505)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		-	1,019,798	92,616	1,112,414	(423,820)	688,594
Transactions with owners in their capacity as owners:							
Dividends paid		-	(2,002,903)	-	(2,002,903)	(3,392)	(2,006,295)
<b>TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>		-	(2,002,903)	-	(2,002,903)	(3,392)	(2,006,295)
<b>Balance at 31<sup>st</sup> December 2022</b>		3,576,612	11,436,285	2,817,080	17,829,977	(732,925)	17,097,052

**Ralph Martindale and Company Limited**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31st December 2022**

	<i>Notes</i>	Share Capital £	Profit and Loss Account £	Total £
<b>Balance at 1<sup>st</sup> January 2021</b>		<u>3,576,612</u>	<u>2,156,616</u>	<u>5,733,228</u>
Profit for the year		-	735,087	735,087
Other comprehensive income, net of tax:				
Actuarial gains on defined benefit plans	19	-	409,000	409,000
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<u>-</u>	<u>1,144,087</u>	<u>1,144,087</u>
Transactions with owners in their capacity as owners:				
Dividends paid		-	-	-
<b>TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31<sup>st</sup> December 2021</b>		<u>3,576,612</u>	<u>3,300,703</u>	<u>6,877,315</u>
Profit for the year		-	1,172,583	1,172,583
Other comprehensive income, net of tax:				
Actuarial gains on defined benefit plans	19	-	769,000	769,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>-</u>	<u>1,941,583</u>	<u>1,941,583</u>
Transactions with owners in their capacity as owners:				
Dividends paid		-	(2,002,903)	(2,002,903)
<b>TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>		<u>-</u>	<u>(2,002,903)</u>	<u>(2,002,903)</u>
<b>Balance at 31<sup>st</sup> December 2022</b>		<u>3,576,612</u>	<u>3,239,383</u>	<u>6,815,995</u>

**Ralph Martindale and Company Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31st December 2022

		Year ended 31 <sup>st</sup> December, 2022 £ Group	Year ended 31 <sup>st</sup> December, 2021 £ Group
	Notes		
<b>OPERATING ACTIVITIES</b>			
Cash (used in)/generated from operations	18	(568,373)	1,316,027
Interest paid		(45,161)	(45,161)
Income taxes paid		(325,376)	(296,717)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(938,910)</b>	<b>974,149</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(402,058)	(92,450)
Proceeds on disposal of tangible fixed assets		24,976	-
Interest received		13,435	18,017
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(363,647)</b>	<b>(74,433)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid to non-controlling interests		(3,392)	(5,024)
Dividends paid to controlling interests		(2,002,903)	-
Issue of ordinary shares		-	-
Proceeds/(repayments) of borrowings	18	583,578	(1,022,348)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1,422,717)</b>	<b>(1,027,372)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,725,274)</b>	<b>(127,656)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>4,032,632</b>	<b>4,362,641</b>
Effect of foreign exchange rate changes		(43,333)	(202,353)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<b>1,264,025</b>	<b>4,032,632</b>
<b>Relating to:-</b>			
Cash at bank and in hand		1,264,025	4,032,632

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Ralph Martindale and Company Limited (“the Company”) is a private company limited by shares, domiciled and incorporated in England.

The address of the company’s registered office and principal place of business is Crocodile House, Strawberry Lane, Willenhall, West Midlands, WV13 3RS.

The Group’s principal activities are the manufacture and sale of agricultural tools. The Company’s principal activity is as a holding company.

### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, and under the historical cost convention as modified by the revaluation of properties, and in accordance with applicable United Kingdom accounting standards.

The financial statements are presented in GBP Sterling (£), which is the Company’s presentational and functional currency. All amounts have been rounded to the nearest GBP Sterling (£), unless otherwise indicated.

### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the parent undertaking and all its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Intra-group trading, profits and balances are eliminated on consolidation. All subsidiaries have coterminous year ends. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those adopted by the group.

The financial statements of the Company are consolidated in these financial statements.

The company has taken advantage of the exemption from disclosing the following information in its company accounts, as permitted by the reduced disclosure regime in FRS 102:

- Section 4 ‘Statement of Financial Position: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

### GOING CONCERN

The Directors consider the state of the Group’s affairs to be satisfactory. The Group reported a profit for the year ended 31<sup>st</sup> December 2022 and, based on forecasts that have been reviewed by the Directors, the Group is expected to remain profitable for a period of at least twelve months from the date of approval of the financial statements. Taking into account these forecasts, the improved Group cash position in 2023, as well as the significant unused bank facilities available in the Group, the Directors are satisfied that there are no material uncertainties over the ability of the Group to continue to trade for a period of at least twelve months from the approval of these financial statements. As such, the financial statements have been prepared on the going concern basis.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers. Turnover is recognised on despatch of goods. It is recognised at the fair value of the consideration received or receivable taking into account any discounts or rebates.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost or valuation, net of depreciation and any impairment losses. Depreciation is being charged from the year in which the asset is first available for use so as to write off each asset's cost or valuation less any residual value over its anticipated useful economic life. Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Major spare parts that are expected to be used in more than one period, or that can only be used for one asset, are capitalised as tangible fixed assets. All other spare parts are classified as stocks.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

The following rates of depreciation have been used:

Freehold land	Not depreciated
Freehold buildings	4% on the reducing balance
Long leasehold property	3% straight line
Plant, equipment and motor vehicles	25% on the reducing balance or 3%-33 <sup>1</sup> / <sub>3</sub> % straight line

Fixed assets are reviewed for impairment at each reporting date if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Reversals of impairment losses are also recognised in profit or loss.

### STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour and overheads appropriate to the stage of manufacture. Provision is made for obsolete and slow moving items.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

### OPERATING LEASES

Payments under operating leases are charged to profit and loss on a straight line basis over the lease term.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### TAXATION (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. *Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.*

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allowed for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### FOREIGN CURRENCY

The consolidated financial statements are presented in sterling, which is also the functional currency of the company.

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate of exchange. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### RETIREMENT BENEFITS

#### *Defined contribution plans*

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### *Defined benefit plans*

For defined benefit retirement plans, the cost of providing benefits is determined using the defined accrued benefit method.

#### *Asset/Liability*

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

#### *Gains/Losses*

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

### FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

##### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### FINANCIAL INSTRUMENTS (continued)

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### Financial liabilities and equity

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

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Preference shares*

Dividends on preference shares classified as liabilities are presented within interest payable and similar charges.

#### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

#### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

- Bad debts

The Group has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

- Stock obsolescence

The Group has recognised provision for slow-moving or obsolete stock. This is based on an assessment of ageing and the estimated recoverable value of the stock. The judgement of management is then applied to make suitable provision.

- Defined benefit pension scheme asset/(liability)

The financial statements include a net defined benefit pension scheme surplus of £137,000 (2021: £981,000 liability). This surplus represents the excess of scheme assets over liabilities, which represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

The valuation of the pension scheme surplus/liability is determined by an actuary using the defined accrued benefit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 19.

The movement during 2022 from a liability to a surplus is primarily due to an increase in corporate bond yields, which has led to a significant decrease in the scheme's liabilities. The scheme asset has been recognised in these financial statements in accordance with the scheme rules.

Significant changes to the assumptions underlying these calculations over the next financial year could result in significant changes to the carrying value of the pension scheme asset/liability.

- Tangible fixed assets

Tangible fixed assets, other than properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Property valuation

The group holds certain properties at fair valuation using an open market value ascertained by a professional valuer and reviewed on an annual basis for impairment. Significant changes in the local property markets could have a significant impact on the carrying value.

- Deferred tax and foreign exchange

The group has made certain assumptions on the timing of cash repayment of long term inter-company balances. These assumptions have a material impact on the classification of foreign exchange losses between operating profit and other comprehensive income, and on deferred tax provisions in respect of unremitted foreign earnings.

The deferred tax assets carried are also subject to management judgement as to the level of future profits.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

1	TURNOVER	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
	The analysis of turnover, derived from the sale of goods, by geographical destination is as follows:		
	United Kingdom and Europe	193,538	99,236
	Africa	9,909,716	10,210,557
	Asia	4,002,729	4,699,659
	Rest of the world	2,916,882	1,915,045
		<u>17,022,865</u>	<u>16,924,497</u>
2	PROFIT BEFORE TAXATION		
	Profit before taxation is stated after charging/(crediting):		
		Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
	Depreciation		
	- owned assets	255,771	284,541
	- leasehold assets	35,709	46,651
	Staff costs (see note 3)	3,532,482	3,782,242
	Foreign exchange gains	(3,328)	(31,898)
	(Profit)/loss on disposal of fixed assets	(11,506)	3,839
	Stock		
	- amounts expensed to cost of sales	7,029,076	7,209,246
	- provision for slow moving stock (see note below)	1,242,741	(127,227)
	Adjustment to VAT provision overseas	-	(270,954)
	Auditor's remuneration		
	Fees payable to RSM UK Audit LLP for the audit of the Ralph Martindale and Company Limited annual financial statements	47,750	43,750
	Fees payable to RSM UK Audit LLP or its associates for other services:		
	- the audit of the company's subsidiaries, pursuant to legislation	-	6,000
	- other services	-	250
	- tax and related services	8,000	7,000
	Fees in respect of the Ralph Martindale and Company Limited pension scheme		
	- audit	8,500	8,500
		<u>8,500</u>	<u>8,500</u>

The net provision for slow-moving stocks of £1,242,741 incurred during the year ended 31<sup>st</sup> December 2022 (above) includes exceptional costs of £1,291,955 (2021 : £ Nil) which relate to a provision made for stocks which are currently unable to be cleared from an overseas port. This provision has been made due to the uncertainty regarding when the stocks will be released, and the current lack of evidence available to support their existence and valuation.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

3	STAFF COSTS (including directors' emoluments)	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
	GROUP		
	Wages and salaries	3,077,140	3,355,898
	Social security costs	129,470	158,894
	Contributions to defined contribution pension schemes	159,310	165,450
	Defined benefit pension scheme other costs	166,562	102,000
		<u>3,532,482</u>	<u>3,782,242</u>
		2022 Number	2021 Number
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Manufacturing	409	389
	Management, administration and sales	52	51
		<u>461</u>	<u>440</u>
		Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
	COMPANY		
	Wages and salaries	410,249	508,546
	Social security costs	27,449	46,095
	Contributions to defined contribution pension schemes	41,439	40,979
	Defined benefit pension scheme	145,845	101,078
		<u>624,982</u>	<u>696,698</u>
		2022 Number	2021 Number
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Management, administration and sales	8	9

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 3 STAFF COSTS (including directors' emoluments) (continued)

The aggregate emoluments of the Directors of Ralph Martindale and Company Limited for the years ended 31<sup>st</sup> December, 2022 and 31<sup>st</sup> December, 2021 were as follows:

	2022 £	2021 £
PARENT UNDERTAKING		
Directors:		
Emoluments (including benefits in kind)	427,410	535,885
Company contributions to defined contribution pension schemes	32,104	32,104
	<u>459,514</u>	<u>567,989</u>
Highest paid director (included above):		
Emoluments (including benefits in kind)	<u>187,235</u>	<u>189,420</u>
Total number of directors qualifying for benefits:		
Under defined contribution pension scheme	<u>2</u>	<u>2</u>
Remuneration (including employers' national insurance) of key management personnel	<u>483,375</u>	<u>611,282</u>
4 INTEREST RECEIVABLE AND SIMILAR INCOME	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
Bank interest receivable	<u>13,435</u>	<u>18,017</u>
	<u>13,435</u>	<u>18,017</u>
5 INTEREST PAYABLE AND SIMILAR CHARGES	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
Dividends paid on preference shares	45,161	45,161
Net interest cost on defined benefit pension plans	17,000	18,000
	<u>62,161</u>	<u>63,161</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

6	TAXATION	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
	Current tax charge:		
	- UK corporation tax - current period	81,053	13,752
	- Overseas withholding tax - current period	51,158	116,367
	- Overseas tax - current period	550,262	388,752
	- Overseas tax - prior periods	176	78,721
		<hr/>	<hr/>
	Total current tax charge	682,649	597,592
		<hr/>	<hr/>
	Deferred tax:		
	Origination and reversal of timing differences		
	- Adjustment in respect of current period	(2,082)	(168,946)
	- Adjustment in respect of prior periods	65,111	144,346
		<hr/>	<hr/>
		63,029	(24,600)
	- Movement in respect of pension liability	23,000	12,000
		<hr/>	<hr/>
	Total tax charge	768,678	584,992
		<hr/>	<hr/>
	Reconciliation of corporation tax charge to the tax charge if the effective rate of corporation tax in the UK of 19% (2020: 19%) is applied to the profit before tax:		
	Profit before tax	1,303,453	3,148,042
		<hr/>	<hr/>
	Profit for the year multiplied by the effective rate of corporation tax in the UK of 19% (2021: 19%)	247,656	598,128
	Expenses not deductible/(deductible) for tax purposes	165,438	(6,604)
	Fixed asset differences	(22,829)	(13,559)
	Higher tax rates on overseas earnings	73,634	14,278
	Tax losses not utilised	172,292	28,435
	Adjustment for overseas withholding tax	51,158	93,722
	Other differences	106,316	3,416
	Utilisation of tax losses brought forward	(24,987)	(132,824)
		<hr/>	<hr/>
	Total tax charge	768,678	584,992
		<hr/>	<hr/>

In the budget on 3<sup>rd</sup> March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1<sup>st</sup> April 2023. The change in rate was substantively enacted on 24<sup>th</sup> May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31<sup>st</sup> December 2022.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 6 TAXATION (continued)

The group has cumulative UK tax trading losses of £1,781,257 (2021: £1,912,768) which are being carried forward to offset against future UK trading profits. Based on an assessment by the directors of the Group's future prospects, a deferred tax asset of £300,000 (2021: £300,000) has been recognised in respect of £1,200,000 (2021: £1,200,000) of these tax losses. Whilst the directors are optimistic regarding the Group's future performance, a prudent decision has been made to not recognise a deferred tax asset, which would amount to £145,314 (2021: £178,192) in respect of the balance of the tax losses of £581,257 (2021: £712,768), due to the current uncertain global economic climate.

### 7 DIVIDENDS

	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
Ordinary shares of £1 each - equity		
- 2022 interim nil 56 p per share (2021 interim: Nil)	2,002,903	-
	<u>2,002,903</u>	<u>-</u>

### 8 TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Leasehold property £	Plant, equipment and motor vehicles £	Total £
Cost or valuation				
1 <sup>st</sup> January, 2022	3,851,347	2,581,513	6,448,128	12,880,988
Additions	-	97,570	304,488	402,058
Revaluation	180,889	782,333	-	963,222
Disposals	-	-	(1,127,303)	(1,127,303)
Exchange adjustments	271,989	(838,887)	44,768	(522,130)
31 <sup>st</sup> December, 2022	<u>4,304,225</u>	<u>2,622,529</u>	<u>5,670,081</u>	<u>12,596,835</u>
Depreciation				
1 <sup>st</sup> January, 2022	12,283	-	3,889,526	3,901,809
Charge for year	45,937	35,709	209,834	291,480
Revaluation	(138,949)	(35,709)	-	(174,658)
Disposals	-	-	(1,113,833)	(1,113,833)
Exchange adjustments	104,804	-	2,490	107,294
31 <sup>st</sup> December, 2022	<u>24,075</u>	<u>-</u>	<u>2,988,017</u>	<u>3,012,092</u>
Net book value				
31 <sup>st</sup> December, 2022	<u>4,280,150</u>	<u>2,622,529</u>	<u>2,682,064</u>	<u>9,584,743</u>
31 <sup>st</sup> December, 2021	<u>3,839,064</u>	<u>2,581,513</u>	<u>2,558,602</u>	<u>8,979,179</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 8 TANGIBLE FIXED ASSETS (continued)

Group property is included at professional valuations as follows: £

Year of valuation

2020 Ralph Martindale and Company Limited – Freehold property	400,000
2022 The Chillington Tool (Thailand) Company Limited – Freehold property	3,904,225
2022 Crocodile Matchets (Ghana) Ltd – Leasehold property	2,622,529

In accordance with the group's normal policies, long leasehold property in Ghana, and freehold property in Thailand and the UK are included at valuation.

The long leasehold property owned by Crocodile Matchets (Ghana) Ltd was revalued at 31<sup>st</sup> December 2022 by Koaconsult, Surveyors and Valuers, on an open market value basis, giving rise to a revaluation surplus in the year of £818,042.

Included in freehold property is property owned by The Chillington Tool (Thailand) Company Limited, which was revalued in December 2022 by Siam City Appraisal Co., Ltd on an open market value basis, generating a revaluation surplus of £319,838.

The freehold property owned by the Company was valued at 31<sup>st</sup> December 2020 by Bulleys Chartered Surveyors, on an open market value basis, generating an impairment of £33,380 against the net book value of the property.

#### COMPANY

	<i>Freehold property</i> £	<i>Plant, equipment and motor vehicles</i> £	Total £
Cost or valuation			
1 <sup>st</sup> January, 2022	400,000	129,301	529,301
Additions	-	3,880	3,880
31 <sup>st</sup> December 2022	400,000	133,181	533,181
Depreciation			
1 <sup>st</sup> January, 2022	12,283	92,370	104,653
Charge for year	11,792	5,143	16,935
31 <sup>st</sup> December, 2022	24,075	97,513	121,588
Net book value			
31 <sup>st</sup> December, 2022	375,925	35,668	411,593
31 <sup>st</sup> December, 2021	387,717	36,931	424,648

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 8 TANGIBLE FIXED ASSETS (continued)

If the freehold and long leasehold properties had not been revalued, they would have been included at the following amounts:

	Group £
Historical cost	4,848,439
Accumulated depreciation based on cost	(1,691,307)
Net book value	<u>3,157,132</u>

### 9 FIXED ASSET INVESTMENTS

#### COMPANY

*Investment in  
Subsidiaries*  
£

Cost	
1 <sup>st</sup> January, 2022 and 31 <sup>st</sup> December, 2022	<u>2,841,927</u>
Provision for impairment	
1 <sup>st</sup> January, 2022 and 31 <sup>st</sup> December, 2022	<u>108,801</u>
Net book value	
31 <sup>st</sup> December, 2022	<u>2,733,126</u>
31 <sup>st</sup> December, 2021	<u>2,733,126</u>

The provision for diminution in value of investments was made to write down the value to the lower of cost and net realisable value.

TRADING SUBSIDIARIES	Direct ownership %	Class of share	Country of incorporation
Ralph Martindale (England) Limited (unaudited)	100% owned	Ordinary	England
Crocodile Matchets (Nigeria) Limited	60% owned	Ordinary	Nigeria
Crocodile Matchets (Ghana) Limited	89.25% owned	Ordinary	Ghana
The Chillington Tool (Thailand) Company Limited	100% owned	Ordinary	Thailand

The registered office of each trading subsidiary is as follows:

Subsidiary	Address
Ralph Martindale (England) Limited	Crocodile House Strawberry Lane Willenhall West Midlands WV13 3RS
Crocodile Matchets (Nigeria) Limited	BICS Mall Suite 008 66 Olu Obasanjo Road Port Harcourt Nigeria
Crocodile Matchets (Ghana) Limited	Plot No. 23/4 Sanyo Road Heavy Industrial Area PO Box CO 558 Tema Ghana

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 9 FIXED ASSET INVESTMENTS (continued)

The Chillington Tool (Thailand) Company Limited      826, 826/1-2, 826/6 Soi 13 Moo 4  
Bangpoo Industrial Estate  
Praekesa  
Muang  
Samutprakarn  
Thailand

During the year the overseas trading subsidiaries were engaged in the manufacture and/or sale of agricultural hand tools. Ralph Martindale (England) Limited was engaged in the distribution of steel coil.

For consolidation purposes, the financial statements of the foreign subsidiaries have been converted into sterling. The exchange rate used for the profit and loss account has been the average rate for the year and the balance sheet has been converted at the rate ruling at the balance sheet date.

Exchange rates used:	31.12.22	Average 1.1.22 to 31.12.22	31.12.21	Average 1.1.21 to 31.12.21
Nigeria (Naira to £1)	542.05	523.00	555.98	550.68
Ghana (Cedi to £1)	12.34	11.01	8.33	8.15
Thailand (Baht to £1)	41.87	43.24	44.91	44.00

The group trades in a number of currencies, in particular the US Dollar, and the movements during the period have been:-

	31.12.22	Average 1.1.22 to 31.12.22	31.12.21	Average 1.1.21 to 31.12.21
US Dollar to £1	1.21	1.24	1.35	1.38

### 10 STOCKS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Raw materials and consumables	3,868,379	3,574,403	-	-
Work in progress	767,229	649,886	-	-
Finished goods and good for resale	3,982,771	3,862,214	-	-
	<u>8,618,379</u>	<u>8,086,503</u>	<u>-</u>	<u>-</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

11	DEBTORS: Amounts falling due within one year	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
	Trade debtors	1,300,386	1,205,295	-	-
	Amount owed by subsidiary undertakings	-	-	1,690,739	1,286,338
	Taxes recoverable	-	109,740	-	-
	Deferred tax (note 15)	134,614	400,654	134,614	400,654
	Other debtors	248,696	147,817	18,098	10,862
	Prepayments and accrued income	262,052	387,868	13,862	14,089
		<u>1,945,748</u>	<u>2,251,374</u>	<u>1,857,313</u>	<u>1,711,943</u>

During the current financial year an impairment loss of £ Nil was recorded with respect to trade debtors (2021: £ Nil).

12	DEBTORS: Amounts falling due after one year	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
	Amount owed by subsidiary undertakings	-	-	2,736,022	3,198,230
		<u>-</u>	<u>-</u>	<u>2,736,022</u>	<u>3,198,230</u>

13	CREDITORS: Amounts falling due within one year	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
	Trade creditors	630,028	826,521	46,882	19,202
	Amount owed to subsidiary undertakings	-	-	750,000	750,000
	Corporation tax	81,053	13,752	2,937	-
	Foreign tax	256,600	159,797	-	-
	Other taxes and social security	482,318	515,588	11,312	16,814
	Other creditors	1,134,079	905,345	-	-
	Accruals and deferred income	390,348	324,476	118,889	79,032
		<u>2,974,426</u>	<u>2,745,479</u>	<u>930,020</u>	<u>865,048</u>

Included in other creditors is an amount of £998,018 (2021: £414,440) in relation to letter of credit obligations payable to an overseas bank.

Bank loans and overdrafts are secured on certain property and assets within the group.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 14 CREDITORS: Amounts falling due after one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
5% cumulative preference shares of £1 each	15,000	15,000	15,000	15,000
15% cumulative preference shares of £1 each	296,076	296,076	296,076	296,076
	<u>311,076</u>	<u>311,076</u>	<u>311,076</u>	<u>311,076</u>

### RIGHTS OF NON-EQUITY INTERESTS

#### 5% CUMULATIVE PREFERENCE SHARES OF £1 EACH

- i Holders are entitled (in priority to all other classes of shares) to a fixed cumulative preferential dividend at the rate of 5p per share per annum payable on 1st June and 1st December in each year.
- ii In the event of a winding up holders are entitled in priority to all other classes of shares to a repayment of capital and arrears of dividends.
- iii The holders have no rights to vote unless the dividend is six months in arrears or the business of the meeting includes resolutions, reducing the capital of the company, altering the regulations of the company, winding up the company or varying the rights or privileges attached to the 5% cumulative preference shares.

#### 15% CUMULATIVE PREFERENCE SHARES OF £1 EACH

- i Holders are entitled (subject to the prior rights of the 5% cumulative preference shares) to a fixed cumulative preferential dividend at the rate of 15p per share per annum payable on 1st June and 1st December in each year.
- ii In the event of a winding up holders are entitled (subject to the prior rights of the 5% cumulative preference shares) to a repayment of capital and arrears of dividends plus a sum of 20p per share.
- iii The holders have no rights to vote unless the dividend is six months in arrears or the business of the meeting includes resolutions, reducing the capital of the company, altering the regulations of the company, winding up the company or varying the rights or privileges attached to the 15% cumulative preference shares.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 15 PROVISIONS FOR LIABILITIES

GROUP	Retirement Benefits £	Deferred Taxation £	Total £
1 <sup>st</sup> January, 2022	271,142	225,584	496,726
Profit and loss account	61,727	114,187	175,914
Deferred tax on property revaluation	-	346,556	346,556
Deferred tax on defined benefit pension scheme	-	279,000	279,000
Withholding tax movement	-	(156,981)	(156,981)
Exchange adjustments	21,698	(126,801)	(105,103)
Benefits paid	(3,385)	-	(3,385)
31 <sup>st</sup> December, 2022	351,182	681,545	1,032,727

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Provisions for liabilities comprise:				
Deferred tax liabilities (see below)	816,159	626,238	-	-
Retirement benefits	351,182	271,142	-	-
Net position at 31 <sup>st</sup> December	1,167,341	897,380	-	-

The provision for retirement benefits relates to an unfunded retirement benefits arrangement operated by a Group subsidiary company overseas.

Provision for deferred tax has been made as follows:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Deferred tax liabilities	816,159	626,238	-	-
Deferred tax assets - Note 11	(134,614)	(400,654)	(134,614)	(400,654)
Net position at 31 <sup>st</sup> December	681,545	225,584	(134,614)	(400,654)

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 15 PROVISIONS FOR LIABILITIES (continued)

GROUP	2022 £	2021 £
Analysed as:		
Deferred tax		
Asset - UK (subsidiary)	-	-
Asset - UK (company)	(134,614)	(400,654)
	<hr/>	<hr/>
- Asset - UK	(134,614)	(400,654)
- Provision – Overseas	816,159	626,238
	<hr/>	<hr/>
Total	681,545	225,584
	<hr/> <hr/>	<hr/> <hr/>
The provision for deferred taxation comprises:	£	£
The excess of tax allowances over depreciation	(52,238)	(37,455)
Revaluation surplus	944,743	751,725
Other timing differences	55,040	56,314
Provision for utilisation of tax losses	(300,000)	(300,000)
Provision in relation to defined benefit pension scheme	34,000	(245,000)
	<hr/>	<hr/>
	681,545	225,584
	<hr/> <hr/>	<hr/> <hr/>
COMPANY		Deferred Taxation £
1 <sup>st</sup> January, 2022		(400,654)
Profit and loss account		144,021
Deferred tax on defined benefit pension scheme		279,000
Withholding tax movement		(156,981)
		<hr/>
31 <sup>st</sup> December, 2022		(134,614)
		<hr/> <hr/>
COMPANY	2022 £	2021 £
The provision for deferred taxation comprises:		
Other timing differences	131,386	144,346
Provision for utilisation of tax losses	(300,000)	(300,000)
Provision in relation to defined benefits pension scheme	34,000	(245,000)
	<hr/>	<hr/>
Net position at 31 <sup>st</sup> December, 2022 – Note 11	(134,614)	(400,654)
	<hr/> <hr/>	<hr/> <hr/>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

16	CALLED UP SHARE CAPITAL	2022		2021	
		Number of shares	£	Number of shares	£
	Authorised:				
	Ordinary shares of £1 each (equity)	3,686,424	3,686,424	3,686,424	3,686,424
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Allotted, issued and fully paid:				
	Ordinary shares of £1 each	3,576,612	3,576,612	3,576,612	3,576,612
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 17 RESERVES

The profit and loss reserve is the cumulative profit and loss net of distributions to owners. It incorporates £458,047 (2021: £171,716) of cumulative net foreign exchange losses on the retranslation of the results and net assets of the Company's foreign subsidiaries since 1<sup>st</sup> January 2015.

The revaluation reserve contains all current and prior period movements in the value of land and buildings as well as currency translation differences linked to these movements.

## 18 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	GROUP	
	2022	2021
	£	£
Profit after tax	534,775	2,563,050
Adjustment for:		
Depreciation of tangible fixed assets	291,479	331,192
Defined benefit pension schemes	(110,000)	(66,000)
(Profit) / loss on disposal of tangible fixed assets	(11,506)	3,839
Interest receivable	(13,435)	(18,017)
Interest payable	62,161	63,161
Taxation	768,678	584,992
	<u>          </u>	<u>          </u>
Operating cash flows before movements in working capital	1,522,152	3,462,217
Increase in stock	(1,446,361)	(2,609,867)
Increase in trade and other debtors	(175,257)	(497,239)
(Decrease) / increase in trade and other creditors	(468,907)	960,916
	<u>          </u>	<u>          </u>
Cash (used in) / generated from operations	(568,373)	1,316,027
	<u>          </u>	<u>          </u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents represent		
Cash at bank and in hand	1,264,025	4,032,632
	<u>          </u>	<u>          </u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 18 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS (continued)

#### CONSOLIDATED ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	Notes	1 <sup>st</sup> January, 2022 £	Cash Flow £	Exchange rate movements £	31 <sup>st</sup> December, 2022 £
Cash at bank and in hand		4,032,632	(2,725,274)	(43,333)	1,264,025
Net funds		4,032,632	(2,725,274)	(43,333)	1,264,025
Debt due within 1 year					
Letter of credit obligations	13	(414,440)	(583,578)	-	(998,018)
Debt due after 1 year					
Preference shares	14	(311,076)	-	-	(311,076)
Total net funds/(debt)		3,307,116	(3,308,852)	(43,333)	(45,069)

### 19 RETIREMENT BENEFITS

The total pension cost for the group for the year ended 31<sup>st</sup> December 2022 was £325,872 (2021: £267,450).

The group operates a pension scheme of the defined benefit type. The assets of the scheme relating to UK employees are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. The scheme closed to future accrual of benefits on 30<sup>th</sup> September 2017.

Between 1<sup>st</sup> July 2019 and 31<sup>st</sup> July 2022, the company paid contributions to the scheme of £94,200 per annum. Between 1<sup>st</sup> August 2022 and 31<sup>st</sup> March 2025, the company has agreed to pay contributions of £186,000 per annum.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation : 1<sup>st</sup> April, 2021

Actuarial method : Defined Accrued Benefit

Discount rate : pre-retirement – Bank of England (“BoE”) gilt yield curve plus 2.20% p.a.

Discount rate : post-retirement - Bank of England (“BoE”) gilt yield curve plus 0.75% p.a.

Price inflation : RPI – BoE market implied inflation curve less 0.25% p.a.

Price inflation : CPI – RPI inflation less 0.80% p.a.

Market value of assets at date of last valuation : £9,008,000

Proportion of members’ accrued benefits covered by the actuarial value of the assets : 89%

Increases to pensions in payment : Black’s model with an inflation volatility of 1.5% p.a.

Pension accrued before 6 April 1997 = Fixed 3%

Pension accrued between 6 April 1997 and 1 April 2009 = RPI max 5%

Pension accrued from 1 April 2009 = RPI max 2.5%

Increases to pensions in deferment : Black’s model with an inflation volatility of 1.5% p.a.

In line with CPI inflation subject to a max of 5% p.a. pre-2009 and 2.5% p.a. post 2009

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 19 RETIREMENT BENEFITS (continued)

The following information is based upon a full actuarial valuation of the fund at 1<sup>st</sup> April, 2018 updated to 31<sup>st</sup> December, 2022 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 <sup>st</sup> December, 2022	At 31 <sup>st</sup> December, 2021
Rate of increase in pensions in payment – RPI max 5%	2.95%	3.25%
Rate of increase in pensions in payment – RPI max 2.5%	2.00%	2.25%
Discount rate	4.95%	1.90%
Future increase in RPI	3.10%	3.40%
Future increase in CPI	2.45%	2.70%

Expected future lifetime for a member retiring  
at age 65 at the accounting date

- male (years)	21.9	21.9
- female (years)	24.3	24.3

Future expectation of life at retirement for a  
member retiring at age 65 in 20 years time

- male (years)	23.2	23.2
- female (years)	25.7	25.7

Main categories of plan assets:

	2022 £	2021 £
Legal & General Investment Management – multi asset fund	4,784,000	5,651,000
Legal & General Investment Management – pre-retirement inflation linked fund	1,524,000	2,321,000
Insured annuities	1,031,000	1,275,000
Cash	73,000	74,000
Total fair value of assets	<u>7,412,000</u>	<u>9,321,000</u>

THE CHANGE IN THE FAIR VALUE OF THE  
SCHEME'S ASSETS IN THE YEAR IS ANALYSED  
BELOW:

	2022 £	2021 £
Fair value of assets at 1 <sup>st</sup> January	9,321,000	9,269,000
Interest on assets	173,000	118,000
Actuarial (losses)/gains	(1,626,000)	353,000
Employer contributions	140,000	94,000
Expenses paid by scheme	(30,000)	(28,000)
Benefits paid	(566,000)	(485,000)
Fair value of assets at 31 <sup>st</sup> December	<u>7,412,000</u>	<u>9,321,000</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 19 RETIREMENT BENEFITS (continued)

THE CHANGE IN THE VALUE OF THE SCHEME'S LIABILITIES IN THE YEAR IS ANALYSED BELOW:	2022 £	2021 £
Value of liabilities at 1 <sup>st</sup> January	10,302,000	10,727,000
Interest cost	190,000	136,000
Actuarial (gain)/loss	(2,651,000)	(76,000)
Benefits paid	(566,000)	(485,000)
	<u>7,275,000</u>	<u>10,302,000</u>
Value of liabilities at 31 <sup>st</sup> December	<u>7,275,000</u>	<u>10,302,000</u>
 HISTORY OF SCHEME ASSETS, LIABILITIES AND SCHEME DEFICITS	 31 <sup>st</sup> December, 2022 £	 31 <sup>st</sup> December, 2021 £
Fair value of assets	7,412,000	9,321,000
Value of liabilities	(7,275,000)	(10,302,000)
	<u>137,000</u>	<u>(981,000)</u>
Surplus / (deficit) in the scheme	<u>137,000</u>	<u>(981,000)</u>
Deferred tax (liability)/asset	(34,000)	245,000
	<u>103,000</u>	<u>(736,000)</u>
Net pension asset/(liability)	<u>103,000</u>	<u>(736,000)</u>
 AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RESPECT OF THE DEFINED BENEFIT PENSION SCHEME ARE AS FOLLOWS:	 Year ended 31 <sup>st</sup> December, 2022 £	 Year ended 31 <sup>st</sup> December, 2021 £
Administration costs	(30,000)	(28,000)
Net interest on the defined benefit liability	(17,000)	(18,000)
	<u>(47,000)</u>	<u>(46,000)</u>
Net charge	<u>(47,000)</u>	<u>(46,000)</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

### 19 RETIREMENT BENEFITS (continued)

ANALYSIS OF THE AMOUNT RECOGNISED IN STATEMENT OF OTHER COMPREHENSIVE INCOME	Year ended 31 <sup>st</sup> December, 2022 £	Year ended 31 <sup>st</sup> December, 2021 £
Actuarial (losses)/gains from assets	(1,626,000)	353,000
Actuarial (losses)/gains from experience	(382,000)	(508,000)
Actuarial gains/(losses) from a change in assumptions	3,033,000	584,000
	<hr/>	<hr/>
	1,025,000	429,000
Deferred tax movement in respect of actuarial (gains)/losses	(256,000)	(20,000)
	<hr/>	<hr/>
	769,000	409,000
	<hr/> <hr/>	<hr/> <hr/>

Based on the current schedule of contributions, the contributions expected to be paid to the scheme for the year ended 31<sup>st</sup> December 2022 are £186,000 (2021: £94,200).

On 26<sup>th</sup> October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. A further judgement has been handed down by the High Court on 20 November 2020 which addresses members who transferred out of a scheme. This judgement has confirmed that trustees of defined benefit pension schemes must revisit historic transfers from their schemes and top-up cash equivalent transfer value ('CETV') payments that were not adjusted for the unequal effect of GMP (between 17 May 1990 and 5 April 1997). The issues determined by the judgements arise in relation to many other defined benefit pension schemes. These financial statements include an approximate total allowance of £196,000, including £15,000 recognised during the year ended 31 December 2020, as a past service cost, in order to equalise these benefits.

An accurate cost will only be known once the Company and the Pension Scheme Trustees agree a methodology to equalise. Any required adjustment to reflect the accurate cost will be recorded in other comprehensive income once the methodology has been agreed. This has not been completed at the date of this report.

Unfunded retirement benefits arrangements are operated by two of the Group's subsidiary companies overseas. The liability under those arrangements at 31<sup>st</sup> December 2022 was £386,681 (2021: £286,264). At 31<sup>st</sup> December 2022, an amount of £351,182 (2021: £271,142) is included in provisions for liabilities (note 15), and an amount of £35,499 (2021: £15,122) is included in other creditors (note 13).

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

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### 20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

There is a composite banking agreement between the company, its U.K. subsidiaries and Barclays Bank plc.

Ralph Martindale and Company Limited has provided guarantees to a Thai bank in respect of finance facilities obtained by The Chillington Tool (Thailand) Company Limited. The guarantees cover potential borrowings up to a maximum of Baht 40 million, or £955,338 at the year end closing rate. These facilities were not utilised at 31<sup>st</sup> December 2022.

Ralph Martindale and Company Limited has also provided a letter of comfort to a bank in Ghana in respect of finance facilities used by Crocodile Matchets (Ghana) Limited.

### CONTINGENT LIABILITIES

There are currently ongoing transfer pricing related discussions between a Group overseas subsidiary company, and an overseas government, in relation to a tax assessment received by that company following a transfer pricing audit in respect of previous years. Whilst a refundable payment of £126,330 was required to be paid on account of any potential liability, the level of uncertainty surrounding the timing and outcome of the discussions means that the potential liability cannot be measured with sufficient reliability, meaning that it is impracticable to give an estimate of the financial effect of this matter. Furthermore, it is not considered probable that a material liability exists. Consequently, no liability has been recorded in these financial statements in accordance with FRS 102.

### PARENT COMPANY GUARANTEE

The Company has guaranteed the liabilities of the following subsidiary company in order for it to qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the year ended 31<sup>st</sup> December 2022 :-

Ralph Martindale (England) Limited – company number 03398001

### 21 RELATED PARTY TRANSACTIONS

The following transactions were carried out during the years ended 31<sup>st</sup> December 2022 and 2021 with non-wholly owned Group subsidiary companies on normal commercial terms :-

Crocodile Matchets (Ghana) Limited	2022 £	2021 £
Purchase of goods and / or services from other Group Companies	5,829,608	4,818,944
Sale of goods to other Group companies (Crocodile Matchets (Nigeria) Limited)	<u>205,819</u>	<u>2,169,847</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

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### 21 RELATED PARTY TRANSACTIONS (continued)

The following balances were due to / from non-wholly owned Group subsidiary companies at 31<sup>st</sup> December 2022 and 2021 on normal commercial terms :-

Crocodile Matchets (Ghana) Limited	2022 £	2021 £
Due from other Group companies	2,012,737	2,493,495
Due to other Group companies	<u>3,178,385</u>	<u>3,660,006</u>
Crocodile Matchets (Nigeria) Limited		
Due to other Group companies	<u>2,211,256</u>	<u>3,823,104</u>

As at 31<sup>st</sup> December 2022, a provision of £553,368 (2021: £547,890) has been made by the Company in relation to amounts due from Crocodile Matchets (Nigeria) Limited. The figures shown above are net of that provision.

During the year ended 31<sup>st</sup> December 2022, Crocodile Matchets (Ghana) Limited reported sales of £221,689 (2021: £655,671) to Mondial Cycles Nouvelle, a company related by common ultimate beneficial shareholding, on normal commercial terms. The balance due to Crocodile Matchets (Ghana) Limited from Mondial Cycles Nouvelle at 31<sup>st</sup> December 2022 was £123,821 (2021: £227,364).

Ordinary share dividends amounting to £Nil (2021: £Nil), and preference share dividends amounting to £Nil (2021: £Nil) were paid to directors of the company and connected persons during the year.

At 31<sup>st</sup> December 2022, an amount of £41,756 (2021 : £Nil) was outstanding to certain Directors of the Company.

During the year ended 31<sup>st</sup> December 2022, ordinary share dividends and preference share dividends of £2,002,903 (2021 : £Nil) and £45,161 (2021: £45,161), respectively, were paid to Ralph M.M Limited, the immediate and ultimate parent undertaking. Cumulative preference shares held by Ralph M.M Limited at 31<sup>st</sup> December 2022 totalled £311,076 (2021: £311,076).

During the year ended 31<sup>st</sup> December 2022, The Chillington Tool (Thailand) Company Limited reported sales of £67,930 (2021: £73,209) to Mondial Cycles Nouvelle, on normal commercial terms. The balance due to The Chillington Tool (Thailand) Company Limited from Mondial Cycles Nouvelle at 31<sup>st</sup> December 2022 was £Nil (2021: £73,209).

### 22 CAPITAL COMMITMENTS

At 31<sup>st</sup> December, 2022 the group had no capital commitments (2021: £Nil).

### 23 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The Company's immediate and ultimate parent undertaking is Ralph M.M Limited, with a registered office address of 6<sup>th</sup> Floor, Tower A, 1 CyberCity, Ebene, Mauritius.

The ultimate controlling party is Abdul Beydoun by virtue of his majority shareholding in Ralph M.M Limited.