

Registered number: 03422948

Universal Wolf Limited

Annual report

30 November 2022



Universal Wolf Limited

Company information

Directors	B A Palmer J K Rautavuori
Company secretary	B A Palmer
Registered number	03422948
Registered office	Birmayne House Cowley Road Blyth Riverside Business Park Blyth Northumberland NE24 5TF
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	National Westminster Bank plc Trinity Gardens Quayside Newcastle upon Tyne NE1 2HF
Solicitors	Square One Law LLP Anson House The Fleming Business Centre Burdon Terrace Newcastle upon Tyne NE2 3AE

Universal Wolf Limited

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Universal Wolf Limited

Strategic report Year ended 30 November 2022

Introduction

The directors present their reports and financial statements for the year ended 30 November 2022.

Business review

Universal Wolf Limited is a leader in complex metal fabrication. With a purpose built facility we combine expertise and skill from designing the concept to finished painted product. New product introduction capability enables scale-up of production according to specific customer needs.

	2022 £'000	2021 £'000
Revenue	13,884	16,290
Gross margin	25.6%	32.5%
EBITDA	(477)	1,371
Cash balance	1,750	2,821
Net assets	4,540	4,512

Revenue decreased by 14.8% to £13.9m (2021: £16.3m) due to reduction in demand from its legacy core customer portfolio including from its fellow subsidiary company, Tharsus Limited.

The gross margin fell to 25.6% (2021: 32.5%) adversely affected by the significant increase in metal material prices, the partly fixed nature of direct labour costs during a period of lower revenue, and introduction of new products. With energy and other cost inflation and pressure from cost of living inflation for colleagues, the company recorded an EBITDA loss of £0.5m (2021: profit of £1.4m).

The company has a strong balance sheet with net assets at 30 November 2022 of £4.5m (2021: £4.5m).

Assets include two freehold industrial properties in Blyth in the North East of England. These properties were valued during the year at £2.05m and the uplift in book value of £0.6m has been taken to the revaluation reserve.

The year-end cash balance fell to £1.7m (2021: £2.8m). This was mainly due to the loss in the year of £0.8m as well as other working capital timing differences.

Capital expenditure investment was modest in the year with additions of £0.1m (2021: £0.3m).

Principal risks and uncertainties

The principal risk of the business is the current concentration of products and customers. There is a management focus to introduce new customer business with the objective to dilute the current concentration. It is recognised by the board that it will take a period of time for this objective to be fulfilled. This risk has reduced in the year as new customers have been introduced.

Financial risk management objectives and strategies

The main risks associated with the company's financial assets and liabilities are credit risk, liquidity risk and exchange risk. The policies applied by the company to manage these risks are set out below.

Credit risk

New and potential customers are assessed by using credit referencing agencies and by taking additional references if appropriate, together with payments in advance often being requested from new customers. Amounts due from existing customers are managed by regular reviews of amounts outstanding and where necessary, commercial relationships are set up to ensure cash neutrality. The directors believe that adequate controls are in place to manage the credit risk.

Universal Wolf Limited

Strategic report (continued) Year ended 30 November 2022

Liquidity risk

The company aims to mitigate liquidity risk by regularly reviewing the current and future cash positions. The company's bank account is part of a group facility with NatWest bank which allows flexibility across the different companies. Regular forecasting and monitoring of cash flows are performed with active management of customer relationships to minimise working capital absorption.

Exchange risk

The company trades in sterling and euros. Sterling accounts for the vast majority of trading and for euros, purchases and sales by each currency assist to provide a natural hedge within the trading operations. The directors believe, therefore, that there is no material exchange risk from current customers or suppliers.

Financial key performance indicators

The key economic drivers of the business are revenue, EBITDA and cash flow. These KPIs and the commentary around them have been set out above in this strategic report.

Other key performance indicators

The company operates a quality system called the Quality Management System (QMS) across its operations. The QMS is subject to both customer and independent audits both of which have indicated improvement in the overall control environment year on year.

Future developments

The company has undergone a transition to a more diversified portfolio of customers during 2022 to reduce overall risk and provide stability for future periods. Whilst 2022 was a challenging year in the short term, the adjustments made to the business to protect volumes and margins, and to control costs have had a positive affect. The business is expected to return to a profitable position in 2023. Notwithstanding the current economic uncertainty there is evidence of increased interest for the company's complex metal fabrication skills across a range of potential customers in different sectors which positions the company well for future growth. Investment in systems and processes will be made to support these opportunities.

Events since the year end

There are no post balance sheet events that require adjustment or disclosure in the financial statements.

This report was approved by the board on 28 July 2023 and signed on its behalf by:



B A Palmer
Director

Universal Wolf Limited

Directors' report Year ended 30 November 2022

The directors present their report and the financial statements for the year ended 30 November 2022.

Results and dividends

The loss for the year, after taxation, amounted to £563,354 (2021: profit of £768,317).

No dividends were paid during the year (2021: £2,000,000). The directors do not recommend a final dividend (2021: £nil).

Directors

The directors who served during the year and up to the date of approving the financial statements were:

B A Palmer
G T Murray (resigned 31 March 2022)
J K Rautavuori (appointed 1 April 2023)

Research and development activities

The company engages with its customers in the design and development of mechanical products. Research and development is undertaken specific to each customer requirement; such activities being subject to confidentiality obligations.

Matters covered in the strategic report

Future developments, financial risk management and events since the year end, which otherwise would be disclosed in the directors' report are instead set out in the strategic report as permitted by Section 414C(11) of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 28 July 2023 and signed on its behalf by:



B A Palmer
Director

Universal Wolf Limited

Directors' responsibilities statement Year ended 30 November 2022

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice'), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



Independent auditor's report to the members of Universal Wolf Limited

Opinion

We have audited the financial statements of Universal Wolf Limited ('the company') for the year ended 30 November 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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



Independent auditor's report to the members of Universal Wolf Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Independent auditor's report to the members of Universal Wolf Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with the laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



Independent auditor's report to the members of Universal Wolf Limited (continued)

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.

David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

28 July 2023

Universal Wolf Limited

Statement of comprehensive income Year ended 30 November 2022

	Note	2022 £	2021 £
Profit and loss account			
Turnover	6	13,883,518	16,289,981
Cost of sales		(10,324,756)	(10,998,347)
Gross profit		3,558,762	5,291,634
Distribution costs		(290,601)	(242,113)
Administrative expenses		(4,015,991)	(3,966,807)
Other operating income	7	-	30,454
Operating (loss)/profit	8	(747,830)	1,113,168
Interest payable and similar charges	11	(25,518)	(44,262)
(Loss)/profit on ordinary activities before taxation		(773,348)	1,068,906
Tax on (loss)/profit on ordinary activities	12	209,994	(300,589)
(Loss)/profit for the financial year		(563,354)	768,317
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		591,182	-
Other comprehensive income for the year		591,182	-
Total comprehensive income for the year		27,828	768,317

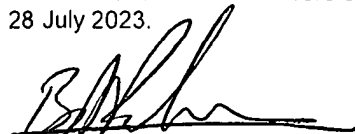
The notes on pages 12 to 27 form part of these financial statements.

Universal Wolf Limited

Balance sheet At 30 November 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	15,316	5,943
Tangible assets	14	3,257,507	2,880,514
		<u>3,272,823</u>	<u>2,886,457</u>
Current assets			
Stocks	15	901,213	1,234,761
Debtors	16	2,786,526	2,676,965
Cash at bank and in hand		1,749,533	2,821,455
		<u>5,437,272</u>	<u>6,733,181</u>
Creditors: amounts falling due within one year	17	(3,438,943)	(3,897,231)
Net current assets		<u>1,998,329</u>	<u>2,835,950</u>
Total assets less current liabilities		<u>5,271,152</u>	<u>5,722,407</u>
Creditors: amounts falling due after more than one year	18	(367,758)	(815,990)
Provisions for liabilities			
Deferred tax	20	(363,165)	(394,016)
Net assets		<u><u>4,540,229</u></u>	<u><u>4,512,401</u></u>
Capital and reserves			
Called up share capital	21	200,000	200,000
Capital redemption reserve	21	436,478	436,478
Revaluation reserve	21	591,182	-
Profit and loss account	21	3,312,569	3,875,923
Total equity		<u><u>4,540,229</u></u>	<u><u>4,512,401</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2023.



B A Palmer
Director

Registered number: 03422948

The notes on pages 12 to 27 form part of these financial statements.

Universal Wolf Limited

Statement of changes in equity Year ended 30 November 2022

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 December 2020	200,000	436,478	-	5,107,606	5,744,084
Comprehensive income for the year					
Profit for the year	-	-	-	768,317	768,317
Total comprehensive income for the year	-	-	-	768,317	768,317
Contributions by and distributions to owners					
Dividends paid	-	-	-	(2,000,000)	(2,000,000)
Total transactions with owners	-	-	-	(2,000,000)	(2,000,000)
At 1 December 2021	200,000	436,478	-	3,875,923	4,512,401
Comprehensive income/(expense) for the year					
Loss for the year	-	-	-	(563,354)	(563,354)
Unrealised surplus on revaluation of tangible fixed assets	-	-	591,182	-	591,182
Total comprehensive income/(expense) for the year	-	-	591,182	(563,354)	27,828
At 30 November 2022	200,000	436,478	591,182	3,312,569	4,540,229

The notes on pages 12 to 27 form part of these financial statements.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

1. General information

The company provides manufacturing services for complex fabrication.

The company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is Birmayne House, Cowley Road, Blyth Riverside Business Park, Blyth, Northumberland, NE24 5TF.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

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

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention, as modified by the remeasurement of freehold property at fair value. They are presented in pounds sterling and rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also required management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to the disclosure of key management personnel compensation and the preparation of a cash flow statement. The consolidated financial statements of the company's parent, Tharsus Group Limited, include the equivalent disclosures and a consolidated cash flow statement.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

3. Accounting policies (continued)

3.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 1 to 2. The company is controlled by Tharsus Group Limited, which meets its day to day working capital requirements through cash balances and operating cash flows, supported by debt facilities which are subject to cross guarantees across the group.

The loss for the year ended 30 November 2022 was £0.6m. At the year-end date the company's net current asset position was £2.0m, including £1.7m of cash balances, and net assets were £4.5m placing the company in a strong position for the future.

The directors have prepared profit and cash flow forecasts for the company and its group based on a reasonably prudent estimate of the development of the company and group over the next year and beyond.

Whilst the review performed does not consider all of the risks that the company and the group may face, the directors consider that the assessment of the company and the group's prospects prepared is reasonable. The review demonstrated that the company and the group can maintain sufficient financial headroom and operate within the currently available bank facilities and cash position for the foreseeable future.

Based on these assessments, the directors confirm that they have a reasonable expectation that the company will continue in operation and meet its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements. Accordingly, they continue to prepare the financial statements on a going concern basis.

3.4 Revenue recognition

Turnover

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts and excluding Value Added Tax.

Turnover is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.5 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

3. Accounting policies (continued)

3.6 Foreign currency translation

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each year end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

3.7 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the current or prior years. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous years and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

3.8 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of each asset over its estimated useful life as follows:

Computer software	- 3 years straight line
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Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 10 years.

Development expenditure on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged over the life of the project. Development assets are reviewed on a regular basis to ensure they are recoverable against future profits.

Research expenditure and development expenditure which does not meet the above criteria is written off to the profit and loss account in the year in which it is incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable development expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. Provisions are made for any impairments.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

3. Accounting policies (continued)

3.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price plus any further costs directly attributable to making the asset operate as intended.

Depreciation is provided on all tangible fixed assets calculated to write off the cost or valuation less estimated residual value of each asset on a systematic basis over its expected useful life as follows:

Freehold property	-	50 years straight line
Plant & machinery	-	3 to 10 years straight line
Motor vehicles	-	4 years straight line
Fixtures & fittings	-	3 to 10 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.10 Revaluation of tangible fixed assets

All freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair value is determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

3.11 Leased assets

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

3. Accounting policies (continued)

3.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all direct costs, which for work in progress and finished goods includes an element of production labour and overhead costs.

Raw materials cost is calculated using the first-in, first-out (FIFO) method. Work in progress and finished goods cost is determined based on expected selling price multiplied by the percentage of completion, less expected profit margin.

Provision is made where necessary for damaged, obsolete or slow-moving items.

3.13 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other debtors and creditors, cash and bank balances, bank loans and loans to or from related parties, including fellow group undertakings.

Debt instruments due within one year are measured, initially and subsequently, at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.14 Dividends

Dividends are recognised as a liability in the financial statements in the period in which they are approved by the company's shareholders.

4. Change in accounting policy

During the year, the accounting policy for freehold property was changed from the cost model to the revaluation model. In accordance with section 10 of FRS 102, this has been applied prospectively from the date of valuation. The directors believe that the revaluation model provides more reliable and more relevant information regarding the valuation of freehold property.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

5. Judgments in applying accounting policies and key sources of estimation uncertainty

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

Significant judgments in applying the entity's accounting policies

Stock provisions

Whilst the nature of the company's stock means that they are not perishable, certain lines may become obsolete, or be slow-moving, due to developments in the industry or changes in the customer base. When calculating the stock provision, management applies assumptions about the anticipated future usage of stock lines, which is informed by recent usage and management's expectations for future use. See note 15 for the net carrying amount of the stock and associated provision.

Key sources of estimation uncertainty

Valuation of freehold properties

As stated in note 3, freehold properties are carried at fair value. The valuation of the company's freehold properties is inherently subjective due to, amongst other factors, the individual nature of each property, its location, and the potential future rental revenues of that particular property. As a result, the valuations the company places on its freehold properties are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the market. See note 14 for the carrying amount of freehold properties.

The freehold property valuations contain a number of assumptions upon which the company's valuers have based their valuation of the company's freehold properties at the balance sheet date. The assumptions on which the property valuations have been based include, but are not limited to, matters such as the location and situation of the properties, the condition and state of repair of the properties, and comparable market transactions.

Other estimates included within these financial statements include the depreciation and amortisation charges and asset impairments (for example provisions against stocks and debtors), however these are not considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

6. Turnover

Analysis of turnover by class of business:

	2022 £	2021 £
Sale of goods	<u>13,883,518</u>	<u>16,289,981</u>

Analysis of turnover by country:

	2022 £	2021 £
United Kingdom	12,898,641	15,338,210
Rest of the world	984,877	951,771
	<u>13,883,518</u>	<u>16,289,981</u>

7. Other operating income

	2022 £	2021 £
Grants receivable	-	500
Research and Development Expenditure Credit	-	29,954
	<u>-</u>	<u>30,454</u>

8. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2022 £	2021 £
Research and development expenditure	382,366	230,414
Amortisation of intangible assets (included in administrative expenses)	4,077	14,371
Depreciation of tangible fixed assets	266,792	243,832
Profit on disposal of tangible fixed assets	-	(9,000)
Exchange differences	78	104
Operating lease rentals	-	3,422
Fees payable to the company's auditor:		
- for the audit of these financial statements	15,000	9,800
- for taxation compliance services	2,000	1,840
	<u>2,000</u>	<u>1,840</u>

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	5,108,311	5,184,552
Social security costs	523,930	519,357
Company contributions to defined contribution pension schemes	206,663	206,768
	<u>5,838,904</u>	<u>5,910,677</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Production	117	126
Administration	40	42
	<u>157</u>	<u>168</u>

10. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	-	123,538
Company contributions to defined contribution pension schemes	-	6,710
	<u>-</u>	<u>130,248</u>

During the year retirement benefits were accruing to no directors (2021: 1) in respect of defined contribution pension schemes.

11. Interest payable and similar charges

	2022 £	2021 £
Bank and loan interest payable	9,600	9,646
Finance leases and hire purchase contracts	15,918	24,616
Interest payable to group undertakings	-	10,000
	<u>25,518</u>	<u>44,262</u>

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(95,049)	114,048
Adjustments in respect of previous years	(84,094)	-
Group relief payable	-	62,690
Total current tax	(179,143)	176,738
Deferred tax		
Origination and reversal of timing differences	(23,498)	29,288
Changes to tax rates	(7,420)	94,563
Adjustments in respect of previous years	67	-
Total deferred tax	(30,851)	123,851
Tax on (loss)/profit on ordinary activities	(209,994)	300,589

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before taxation	(773,348)	1,068,906
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(146,936)	203,092
Effects of:		
Expenses not deductible for tax purposes	4,437	9,558
Losses surrendered for research and development tax credit	121,949	-
Adjustments to tax charge in respect of prior years	(84,027)	-
Research and development expenditure credit	-	(5,691)
Research and development relief enhanced deduction	(94,390)	-
Income not taxable	-	(933)
Capital allowances super-deduction	(3,607)	-
Effect of changes to tax rates	(7,420)	94,563
Total tax charge for the year	(209,994)	300,589

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

12. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements.

The net amount of deferred tax assets and liabilities that are expected to reverse within one year of the balance sheet date is £43,000 (2021: £36,000). This figure takes account of both the reversal of existing timing differences and the origination of new ones.

13. Intangible assets

	Development costs £	Computer software £	Goodwill £	Total £
Cost				
At 1 December 2021	131,714	20,314	233,940	385,968
Additions	-	13,450	-	13,450
At 30 November 2022	131,714	33,764	233,940	399,418
Amortisation				
At 1 December 2021	131,714	14,371	233,940	380,025
Charge for the year	-	4,077	-	4,077
At 30 November 2022	131,714	18,448	233,940	384,102
Net book value				
At 30 November 2022	-	15,316	-	15,316
At 30 November 2021	-	5,943	-	5,943

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 December 2021	1,813,832	1,665,834	151,143	227,951	3,858,760
Additions	-	44,912	-	7,691	52,603
Revaluations	236,168	-	-	-	236,168
At 30 November 2022	2,050,000	1,710,746	151,143	235,642	4,147,531
Depreciation					
At 1 December 2021	318,737	488,881	50,530	120,098	978,246
Charge for the year	36,277	163,518	30,238	36,759	266,792
On revalued assets	(355,014)	-	-	-	(355,014)
At 30 November 2022	-	652,399	80,768	156,857	890,024
Net book value					
At 30 November 2022	2,050,000	1,058,347	70,375	78,785	3,257,507
At 30 November 2021	1,495,095	1,176,953	100,613	107,853	2,880,514

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant & machinery	561,016	647,562
Motor vehicles	4,000	8,000
	565,016	655,562

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

14. Tangible fixed assets (continued)

Freehold property, which was previously recognised at cost less depreciation and impairment, has been recognised under the revaluation model at the balance sheet date (see note 4). The 30 November 2022 valuation was undertaken by Savills PLC, Chartered Surveyors and International Property Consultants. The valuations were prepared on the basis of fair market value. If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2022 £	2021 £
Cost	1,813,832	1,813,832
Accumulated depreciation	(355,014)	(318,737)
Net book value	1,458,818	1,495,095

15. Stocks

	2022 £	2021 £
Raw materials	608,926	802,231
Work in progress	292,287	432,530
	901,213	1,234,761

Stock is stated net of provisions for slow moving and impaired stock of £52,597 (2021: £31,034). The net impairment charge for the year, included within cost of sales, totalled £21,563 (2021: £10,370).

16. Debtors

	2022 £	2021 £
Trade debtors	2,047,085	2,397,373
Amounts owed by group undertakings	397,212	228,891
Corporation tax recoverable	187,499	-
Prepayments and accrued income	154,730	50,701
	2,786,526	2,676,965

Trade debtors are stated after provisions for impairment of £nil (2021: £45,633). The net impairment reversal for the year, included within administrative expenses, totalled £45,494 (2021: net impairment charge of £41,669).

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans (note 18)	28,579	33,593
Trade creditors	1,363,368	1,656,411
Amounts owed to group undertakings	900,351	867,894
Corporation tax	-	84,094
Other taxation and social security	284,117	347,854
Net obligations under finance leases and hire purchase contracts (note 19)	172,195	173,850
Other creditors	318,645	359,196
Accruals and deferred income	371,688	374,339
	<u>3,438,943</u>	<u>3,897,231</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2022 £	2021 £
Bank loans	300,553	326,594
Net obligations under finance leases and hire purchase contracts (note 19)	67,205	239,396
Intra-group loan	-	250,000
	<u>367,758</u>	<u>815,990</u>

There is a single bank loan which accrues interest at Bank of England base rate plus 2.5%, is repayable in monthly instalments, with a final instalment at the end of the term, and is secured by a legal charge over the company's freehold property and by a cross guarantee between group undertakings. An amount totalling £170,637 (2021: £207,320) falls due for repayment more than five years after the balance sheet date.

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

19. Finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2022 £	2021 £
Within one year	177,872	189,837
After one year and before five years	71,598	249,470
Less: future interest charges	(10,070)	(26,061)
Carrying amount of liability	239,400	413,246

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

20. Deferred taxation

The movement on the deferred tax provision is as follows:

	2022 £	2021 £
At the beginning of the year	394,016	270,165
(Credited)/charged to the profit and loss account in the year	(30,851)	123,851
At the end of the year	363,165	394,016

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	382,130	413,198
Short term timing differences	(18,965)	(19,182)
	363,165	394,016

Universal Wolf Limited

Notes to the financial statements Year ended 30 November 2022

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
200,000 (2021: 200,000) Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

Reserves

The capital redemption reserve represents the redemption at par of £1 redeemable preference shares.

The revaluation reserve represents unrealised surpluses on the revaluation of tangible fixed assets, net of any associated deferred tax balance.

The profit and loss reserve represents cumulative profits or losses, net of cumulative dividends paid and other adjustments.

22. Contingent liabilities

The company is party to bank cross guarantees incorporating fixed and floating charges over all current and future assets of the company, its parent and fellow group undertakings. At the year end, the total bank debt of the company's parent and fellow group undertakings was £1,117,874 (2021: £1,149,425), however the group's cash at bank exceeded the bank debt (2021: same).

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £206,663 (2021: £206,768). An amount of £44,445 (2021: £34,680) representing company and employee contributions was payable to the fund at the balance sheet date and is included in creditors.

24. Commitments under operating leases

At 30 November 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	<u>-</u>	<u>456</u>

25. Related party transactions

As a wholly-owned subsidiary undertaking, the company is exempt from disclosing transactions with its parent company and other wholly-owned subsidiary undertakings within the same group.

Universal Wolf Limited

Notes to the financial statements **Year ended 30 November 2022**

26. Controlling party

The immediate and ultimate parent undertaking and the only group to consolidate these financial statements is Tharsus Group Limited. Copies of Tharsus Group Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is B A Palmer, by virtue of his interest in the issued share capital of Tharsus Group Limited.