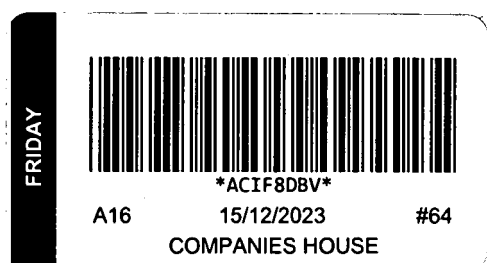


Registered number: 03646063

MCFARLANE TELFER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



McFARLANE TELFER LIMITED

COMPANY INFORMATION

Director	C B Craggs
Registered number	03646063
Registered office	Unit B5 Westacott Business Centre Westacott Way, Littlewick Green Maidenhead Berkshire SL6 3RT
Independent auditor	Crowe U.K. LLP Riverside House 40 - 46 High Street Maidstone Kent ME14 1JH

MCFARLANE TELFER LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2 - 3
Independent auditor's report	4 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10 - 11
Notes to the financial statements	12 - 27

McFARLANE TELFER LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The principal activity of the company is the maintenance and servicing of commercial kitchen equipment in the UK. Predominantly dealing across the sectors of business and industry and education.

Business review

The financial year ending 31 December 2022 saw an increase in revenue of 35% as a result of a continued focus on delivering high standards of service for customers.

There has consciously been significant investment in the Technical Academy prior to and following achieving Department of Education recognition for the programme in November 2022.

In the current year the company incurred additional non recurring expenses totalling £203,554 of which £107,000 was covered by insurance. There is no expectation of any further such costs.

Principal risks and uncertainties

MCFT maintains a comprehensive risk register, which is reviewed periodically by the board and suitable mitigation actions are taken where appropriate. A summary of the principal risks, which the board considers to be outside internal control are detailed below.

A downturn in economic conditions could lead to the closure of customer sites or other customer loss. MCFT maintain a strong forward order book and sales pipeline across a diversified range of sectors as well as cash reserves and lending facilities to weather downturns should they occur.

Significant changes in foreign exchange rates could lead to unstable pricing of imported spare parts. Primary exposure is limited by having a relatively small import business with materials being sourced from local wholesalers.

Financial key performance indicators

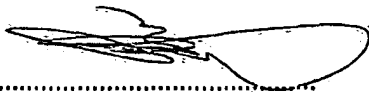
MCFT review business performance through a suite of KPI's monitoring financial performance; customer satisfaction, quality performance and operational efficiency. Principal amongst these are the measures of sales and profitability.

Sales at £13.2m were up from £9.8m in the prior year. The company made an operating loss in the current year as a result of growth investment and non recurring expenses (2021: profit £989,959).

Other key performance indicators

Key other performance indicators are considered to be customer retention rates which remains at 93% (2021: 93%)

This report was approved by the board on 11th December 2023 and signed on its behalf.



C B Craggs
Director

MCFARLANE TELFER LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his report and the financial statements for the year ended 31 December 2022.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £320,257 (2021 - profit £731,054).

A dividend of £104,000 was paid during the year (2021 - £134,000).

Directors

The directors who served during the year were:

C B Craggs

R M Craggs (resigned 29 November 2021)

Future developments

The company is in a growth phase enabled by the graduates of Company's Technical Academy.

MCFARLANE TELFER LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he 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.

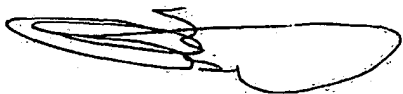
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11th DECEMBER 2023 and signed on its behalf.



C B Craggs
Director

McFARLANE TELFER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCFARLANE TELFER LIMITED

Opinion

We have audited the financial statements of McFarlane Telfer Limited (the 'Company') for the year ended 31 December 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 31 December 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

McFARLANE TELFER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCFARLANE TELFER 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 director is 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Director's responsibilities statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

MCFARLANE TELFER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCFARLANE TELFER 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 obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiries of management about their own identification and assessment of the risks of irregularities;
- reviewing board minutes and making enquiries of management regarding any non-compliance with laws and regulations and fraud;
- reviewing the revenue, supplier payments, payroll and inventory systems for significant deficiencies or susceptibility to fraud;
- reviewing revenue has been recognised appropriately and that the revenue accounting policy is compliant with the financial reporting framework;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- reviewing and testing journal entries.

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.

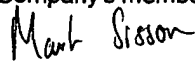
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

McFARLANE TELFER LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCFARLANE TELFER 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.



Mark Sisson (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Riverside House
40 - 46 High Street
Maidstone
Kent
ME14 1JH

Date: 13 December 2023

MCFARLANE TELFER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	13,133,268	9,805,989
Cost of sales		(8,539,018)	(6,083,104)
Gross profit		4,594,250	3,722,885
Administrative expenses		(4,883,220)	(3,139,169)
Exceptional administrative expenses	13	(203,554)	-
Other operating income	5	306,000	28,692
Government grants		-	377,551
Operating (loss)/profit		(186,524)	989,959
Interest receivable and similar income	9	-	20,937
Interest payable and similar expenses	10	(74,296)	(42,916)
(Loss)/profit before tax		(260,820)	967,980
Tax on (loss)/profit	11	(59,437)	(236,926)
(Loss)/profit for the financial year		(320,257)	731,054

There was no other comprehensive income for 2022 (2021:£NIL).


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

McFARLANE TELFER LIMITED
REGISTERED NUMBER: 03646063

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	550,582	307,531
		<u>550,582</u>	<u>307,531</u>
Current assets			
Stocks	15	378,444	219,869
Debtors: amounts falling due within one year	16	5,935,477	4,462,040
Cash at bank and in hand	17	159,658	1,055,831
		<u>6,473,579</u>	<u>5,737,740</u>
Creditors: amounts falling due within one year	18	(3,843,800)	(2,774,997)
Net current assets		<u>2,629,779</u>	<u>2,962,743</u>
Total assets less current liabilities		<u>3,180,361</u>	<u>3,270,274</u>
Creditors: amounts falling due after more than one year	19	(918,424)	(643,517)
Provisions for liabilities			
Deferred tax	22	(118,387)	(58,950)
		<u>(118,387)</u>	<u>(58,950)</u>
Net assets		<u>2,143,550</u>	<u>2,567,807</u>
Capital and reserves			
Called up share capital	23	100	100
Other reserves		71,926	71,926
Profit and loss account		2,071,524	2,495,781
		<u>2,143,550</u>	<u>2,567,807</u>

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


.....
C B Craggs
Director

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

McFARLANE TELFER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	100	71,926	2,495,781	2,567,807
Comprehensive income for the year				
Loss for the year	-	-	(320,257)	(320,257)
Total comprehensive income for the year	-	-	(320,257)	(320,257)
Contributions by and distributions to owners				
Dividends	-	-	(104,000)	(104,000)
Total transactions with owners	-	-	(104,000)	(104,000)
At 31 December 2022	100	71,926	2,071,524	2,143,550

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

McFARLANE TELFER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	100	71,926	1,898,727	1,970,753
Comprehensive income for the year				
Profit for the year	-	-	731,054	731,054
Total comprehensive income for the year	-	-	731,054	731,054
Contributions by and distributions to owners				
Dividends	-	-	(134,000)	(134,000)
Total transactions with owners	-	-	(134,000)	(134,000)
At 31 December 2021	100	71,926	2,495,781	2,567,807

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

MCFARLANE TELFER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

The principal activity of the company is the maintenance and servicing of commercial kitchen equipment in the UK. The company is limited by shares (registered number: 03646063).

The company's registered address and principal place of business is: Unit B5 Westacott Business Centre, Westacott Way Littlewick Green, Maidenhead, Berkshire, SL6 3RT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of MCFT Bowran Limited as at 31 December 2022 and these financial statements may be obtained from Companies House..

2.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position have been considered by the director, along with the risks and uncertainties facing the company. The company operates in a mature industry, has numerous ongoing contracts with customers and suppliers across different geographic areas, has sufficient cash to meet current and future obligations, has minimal debt and where it does is operating well within its agreed financing facilities. The director has a reasonable expectation that the company is well placed to manage its business risks successfully and continue in operational existence for the foreseeable future. The director therefore considers it appropriate to adopt the going concern basis of accounting in preparing the company's annual financial statements..

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Government grants and COVID 19

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

As a result of the Covid-19 pandemic, like for many business in the food service sector, the government restrictions imposed lead to a reduction in activity. The company took all necessary measures by prioritising maintenance work as reactive service work reduced due to the restrictions. The director took all necessary measures to ensure the company continued to trade profitably and this included claiming government assistance in the form of Employee furlough claim grants under the Coronavirus Job Retention Scheme. These grants totalled £Nil (2021: £377,551) and are disclosed separately on the income statement.

MCFARLANE TELFER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 4 years
----------------	-----------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

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

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

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

MCFARLANE TELFER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is

MCFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The company makes judgements, estimates and assumptions that affect the application of policies and the carrying value of assets and liabilities, income and expenses. The resulting accounting estimates calculating these judgements will, by definition, seldom equal the related actual results but are based on the experience of the director and expectation of future events. The estimates are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised.

The directors do not believe that there are any critical judgements that have a significant risk of leading to a material adjustment to the carrying values of assets and liabilities.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
From principal activity	<u>13,133,268</u>	<u>9,805,989</u>

All turnover arose within the United Kingdom.

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Other operating income	199,000	28,692
Insurance claims receivable	107,000	-
	306,000	28,692

Amounts receivable under insurance claims relate to non recurring legal costs which are shown within exceptional items in note 13.

Details of other operating income can be seen within note 27.

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	15,000	12,100

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

Staff costs, including director's remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	6,009,619	4,033,314
Social security costs	678,117	448,880
Cost of defined contribution scheme	265,720	90,974
	<u>6,953,456</u>	<u>4,573,168</u>

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

	2022 No.	2021 No.
Staff	<u>129</u>	<u>96</u>

8. Director's remuneration

	2022 £	2021 £
Director's emoluments	8,400	8,400
Retirement and other benefits	31,336	39,433
	<u>39,736</u>	<u>47,833</u>

In the current year received remuneration contributions of £7,200 (2021: £7,200) were made to a defined contribution pension plan.

9. Interest receivable

	2022 £	2021 £
Other interest receivable	<u>-</u>	<u>20,937</u>

MCFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	74,296	42,916
	74,296	42,916

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	-	279,838
Adjustments in respect of previous periods	-	(6,561)
	-	273,277
Total current tax	-	273,277
Deferred tax		
Origination and reversal of timing differences	59,437	(36,351)
Total deferred tax	59,437	(36,351)
Taxation on profit on ordinary activities	59,437	236,926

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher 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 tax	<u>(260,820)</u>	<u>967,980</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(49,556)	183,916
Effects of:		
Expenses not deductible for tax purposes	10,092	10,576
Capital allowances super deduction	(27,978)	-
Adjustments to tax charge in respect of prior periods	(86,165)	(6,561)
Short term timing difference leading to an increase (decrease) in taxation	-	34,847
Loss Carry back	198,779	-
Remeasurement of deferred tax for changes in tax rates	14,265	14,148
Total tax charge for the year	<u>59,437</u>	<u>236,926</u>

Factors that may affect future tax charges

The 2021 UK budget announced that the UK corporate income tax rate will increase from 19% to 25% in 2023. It is anticipated that this change will increase the company's effective tax rate.

12. Dividends

	2022 £	2021 £
Ordinary dividend	<u>104,000</u>	<u>134,000</u>

MCFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Exceptional items

	2022 £	2021 £
Non recurring penalties	96,554	-
Non recurring legal fees	107,000	-
	<u>203,554</u>	<u>-</u>

Non recurring legal fees of £107,000 are fully provided by an insurance claim which is disclosed in other operating income.

14. Tangible fixed assets

	Motor vehicles £
Cost or valuation	
At 1 January 2022	1,219,461
Additions	490,836
At 31 December 2022	<u>1,710,297</u>
Depreciation	
At 1 January 2022	911,930
Charge for the year on financed assets	247,785
At 31 December 2022	<u>1,159,715</u>
Net book value	
At 31 December 2022	<u>550,582</u>
At 31 December 2021	<u>307,531</u>

15. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>378,444</u>	<u>219,869</u>

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Debtors

	2022 £	2021 £
Trade debtors	2,722,914	1,959,027
Amounts owed by group undertakings	1,000,000	1,000,000
Amounts owed by related companies	1,728,295	1,317,453
Other debtors	119,980	111,322
Prepayments and accrued income	364,288	74,238
	<u>5,935,477</u>	<u>4,462,040</u>

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>159,658</u>	<u>1,055,831</u>

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	234,975	160,000
Trade creditors	895,744	666,326
Amounts owed to related companies	368,571	-
Corporation tax	213,835	273,277
Other taxation and social security	595,334	517,662
Obligations under finance lease and hire purchase contracts	221,056	117,749
Other creditors	85,456	185,531
Accruals and deferred income	1,228,829	854,452
	<u>3,843,800</u>	<u>2,774,997</u>

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	674,064	586,667
Net obligations under finance leases and hire purchase contracts	244,360	56,850
	918,424	643,517

20. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Bank loans	234,975	160,000
	234,975	160,000
Amounts falling due 1-2 years		
Bank loans	674,064	586,667
	674,064	586,667
	909,039	746,667

The CBILS bank loan is secured 80% by the government, and also by a personal guarantee given by the director C B Craggs up to 10% of the initial loan amount and limited to £80,000. As at 31 December the total amount outstanding on this loan was £586,667 (2021: £746,667).

In the current year the company entered into a new loan for an additional £350,000. This loan attracts interest at 7.68%. As at 31 December the total amount outstanding was £322,372 (2021: Nil).

McFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	221,056	117,749
Between 1-5 years	244,360	56,850
	<u>465,416</u>	<u>174,599</u>

22. Deferred taxation

	2022 £	2021 £
At beginning of year	(58,950)	(95,301)
Charged to profit or loss	(59,437)	36,351
At end of year	<u>(118,387)</u>	<u>(58,950)</u>

The provision for deferred taxation is made up as follows:

	2022 £
Accelerated capital allowances	(124,921)
Short term timing differences	6,534
	<u>(118,387)</u>

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

MCFARLANE TELFER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

24. Reserves

	2022	2021
	£	£
At 1 January	71,926	71,926
At 31 December	71,926	71,926

The group operates an approved exit event equity settled all employee share option scheme giving the qualifying employees options in shares of the parent company. The company expenses in the profit and loss account and through other reserves the fair value of the options granted in the year. In September 2022 the parent company issued options over 5,828 shares. The directors have performed a fair value calculation to estimate the value of these options and determined that their value is not material to the financial statements.

25. Pension commitments

The company operates a defined contribution scheme for the benefit of all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge in the accounts represents contributions payable by the company to the fund and amounted to £265,720 (2021 - £90,974). There were contributions payable to the fund at the balance sheet date of £49,384 (2021 - £24,921). In addition as disclosed in note 8 the company contributes to a defined contribution scheme for the director.

26. Commitments under operating leases

At 31 December 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	134,828	133,680
Later than 1 year and not later than 5 years	138,117	263,080
	272,945	396,760

McFARLANE TELFER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

27. Related party transactions

Included in other debtors are loans made to associated entities which are under common control of the director C B Craggs as follows; McFarlane Telfer Refrigeration and Kitchen Equipment Trading LLC (Dubai, UAE) £576,044 (2021 - £535,246), McFarlane Telfer LLC (Doha, Qatar) £(368,571) (2021 - £152,226), McFarlane Telfer LLC (Riyadh, Saudi Arabia) £146,432 (2021 - £144,701) and MCFT Holland £400,134 (2021 - £103,065). Interest of £Nil (2021 - £20,937) was accrued on these loans.

In the current year McFarlane Telfer transferred Business and Rights in Software to Orca Service Technology Limited and Orca Service Technologies IP Limited respectively. Both companies are considered related being under common control of the director C B Craggs. The business was transferred for £1. The Rights of Software was a consideration of £85,000. As at the year end there were amounts outstanding from Orca Service Technologies IP Limited of £85,000. Orca Service Technologies Limited had a closing balance owing to McFarlane Telfer of £412,440 (2021: £287,769). In the current year McFarlane Telfer charged management charges of £84,000 to Orca Service Technologies Limited (2021: £84,000). Total expenses re-charged to McFarlane Telfer from Orca Service Technologies was £467,872 for the year ended 31 December 2022.

During the year the company made charges of £24,000 (2021 - £24,000) and £6,000 (2021 - £4,692) to the associated Companies McFarlane Telfer Refrigeration and Kitchen Equipment Trading LLC (Dubai, UAE) and McFarlane Telfer LLC (Doha, Qatar) respectively for services provided.

28. Controlling party

The company is under the control of K C Holdings Limited, a company incorporated in England and Wales. The director C B Craggs is the ultimate controlling party of the company by virtue of his holding in the ordinary share capital of MCFT Bowran Limited, which is the ultimate parent of the group, and the voting rights attached to that holding.