

Company registration number 04058821 (England and Wales)

Abzorb Systems Ltd
Annual Report and
Financial Statements
for the year ended 31 October 2022

Abzorb Systems Ltd

Company Information

Director	S Beeby
Company number	04058821
Registered office	Armytage Road Brighouse West Yorkshire HD6 1QF
Auditor	B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB
Bankers	Yorkshire Bank 40 New Street Huddersfield West Yorkshire HD1 2BT

Abzorb Systems Ltd

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Abzorb Systems Ltd
Strategic Report
for the year ended 31 October 2022

The director presents the strategic report for the year ended 31 October 2022.

Fair review of the business

I aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. My review is consistent with the size and nature of our business and is written in the context of the opportunities and risks the company faces.

Key performance indicators	31 Oct 2022	31 Oct 2021
Turnover	19,484,886	21,869,269
Gross profit	5,214,528	5,686,562
Gross profit margin	26.76%	26.00%
EBITDA	1,969,733	2,921,368
Cash at bank	2,187,911	2,149,126

The Company has again exceeded its performance against its budgeted activities with activities exceeding pre-covid levels. The fixed term government contract to provide connectivity to school children throughout the UK came to and end during the previous financial year which is demonstrated by the decrease in turnover.

Principal risks and uncertainties

Supplier Contracts

The company recognises that many of our core services rely heavily on the direct relationships that we hold with our key suppliers, including those of the UK's major network providers for mobile and fixed communications. In order to mitigate this risk, we regularly review our supply contracts and maintain strong relationships with our suppliers on a multi-level basis.

Technological Changes

Being in a highly technological industry, there is a risk that the company may fall behind with the frequent and dynamic developments that may occur. The company mitigates this risk by continually researching market trends, nurturing relationships between existing customers and suppliers and by seeking out new and inventive partners to help develop and offer future products and services.

Key Personnel

The company relies heavily on its personnel at all levels, be it sales, administration or technology. It prides itself on being experts in its field, and as such, is reliant on the ability to retain and recruit staff of the highest calibre. The company alleviates this risk by offering strong remuneration packages, training and development and by having a positive workplace culture.

Regulatory Risk

The company acknowledges that the pricing of its products and services can be effected by regulatory bodies in the UK, EU and the rest of the world. The result of this can be an impact to the companies profitability. The company seeks to mitigate this risk by assessing the likelihood of changes and regularly reviewing the impact that these changes may have.

Credit risk

The company seeks to manage its credit risk by dealing with well established customers, performing regular credit checks and having a robust credit checking and onboarding process for any new and potential customers.

Going Concern

I am confident that the company has adequate resources to continue in operational existence for the foreseeable future and fully expect the Company to meet all its liabilities as and when they fall due. I continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis are disclosed in the accounting policies and notes of the financial statements.

Abzorb Systems Ltd
Strategic Report (continued)
for the year ended 31 October 2022

Future developments

The Company is forecasting year on year growth on its business-as-usual activities for year ending 31 October 2023. The underlying growth will be through organic sales and continued internal technology developments to enhance our product portfolio and streamline internal operations. I therefore look forward to another successful and profitable year.

On behalf of the board

S Beeby
Director
9 February 2023

Abzorb Systems Ltd
Director's Report
for the year ended 31 October 2022

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

Principal activities

The principal activity of the company continued to be that of telecommunications services and the sale of telecommunications systems.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,500,000. The director does not recommend payment of a further dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

S Beeby

Auditor

The auditor, B M Howarth Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 enable them 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Abzorb Systems Ltd

**Director's Report (continued)
for the year ended 31 October 2022**

Statement of disclosure to auditor

So far as the director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

S Beeby
Director

9 February 2023

Abzorb Systems Ltd

Independent auditor's report

to the member of Abzorb Systems Ltd

Opinion

We have audited the financial statements of Abzorb Systems Ltd (the 'company') for the year ended 31 October 2022 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

Abzorb Systems Ltd

Independent auditor's report (continued) to the member of Abzorb Systems Ltd

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and the sector in which it operates, our audit work considers the risk of material misstatement on the financial statements as a result of non-compliance with laws and regulations, this includes fraud. These laws and regulations include, but are not limited to, those that relate to the form and content of the financial statements, such as the Company accounting policies, the financial reporting framework and the UK Companies Act 2006.

We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to management bias in accounting estimates and understatement or overstatement of revenue. Our audit procedures included, but were not limited to:

- Agreement of the financial statements disclosures to underlying supporting documentation;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in its accounting estimates or judgements, in particular in relation to contract accounting, disputes and latent defects liabilities;
- Identifying and testing journal entries to ensure they are appropriate;
- Sample testing of income and expenditure to ensure correct cut-off has been applied.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in audit procedures, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Abzorb Systems Ltd
Independent auditor's report (continued)
to the member of Abzorb Systems Ltd

A further description of our responsibilities is available on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

James Bell
Senior Statutory Auditor
For and on behalf of B M Howarth Ltd
Chartered Accountants
Statutory Auditor
West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

9 February 2023

Abzorb Systems Ltd

**Statement of income and retained earnings
for the year ended 31 October 2022**

	Notes	2022 £	2021 £
Turnover	2	19,484,886	21,869,269
Cost of sales		(14,270,358)	(16,182,707)
Gross profit		<u>5,214,528</u>	<u>5,686,562</u>
Administrative expenses		(3,298,594)	(2,857,226)
Other operating income		-	49,246
Operating profit	3	<u>1,915,934</u>	<u>2,878,582</u>
Interest receivable		1,462	199
Profit before taxation		<u>1,917,396</u>	<u>2,878,781</u>
Tax on profit	7	(370,527)	(482,787)
Profit for the financial year		<u>1,546,869</u>	<u>2,395,994</u>
Retained earnings brought forward		1,879,740	1,483,746
Dividends	8	(1,500,000)	(2,000,000)
Retained earnings carried forward		<u><u>1,926,609</u></u>	<u><u>1,879,740</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

Abzorb Systems Ltd
Statement of financial position
as at 31 October 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	9		249,522		206,751
Current assets					
Stocks	10	80,904		94,672	
Debtors	11	3,014,730		2,918,264	
Cash at bank and in hand		2,187,911		2,149,126	
		<u>5,283,545</u>		<u>5,162,062</u>	
Creditors: amounts falling due within one year	12	<u>(3,580,998)</u>		<u>(3,463,939)</u>	
Net current assets			1,702,547		1,698,123
Total assets less current liabilities			<u>1,952,069</u>		<u>1,904,874</u>
Provisions for liabilities					
Deferred tax liability	13	25,458		25,132	
		<u>(25,458)</u>		<u>(25,132)</u>	
Net assets			<u>1,926,611</u>		<u>1,879,742</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss reserves			1,926,609		1,879,740
Total equity			<u>1,926,611</u>		<u>1,879,742</u>

The financial statements were approved and signed by the director and authorised for issue on 9 February 2023

S Beeby
Director

Company Registration No. 04058821

Abzorb Systems Ltd

Notes to the Financial Statements for the year ended 31 October 2022

1 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions available to it.

The financial statements of the company are consolidated in the financial statements of Abzorb Group Limited. These consolidated financial statements are available from companies house.

Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the fair value of the consideration receivable for goods and services provided in the normal course of business, and is shown net of VAT. Turnover is recognised on the provision of service obligations where a right to consideration is due.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost less depreciation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & IT equipment	25% reducing balance basis
Motor vehicles	25% reducing balance basis

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Abzorb Systems Ltd

Notes to the Financial Statements (continued) for the year ended 31 October 2022

1 Accounting policies

(continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Government grants

Government grants relate to Coronavirus Job Retention Scheme (CJRS) funding of staff who have been furloughed due to Covid-19. These revenue-based grants are recognised over the same period in which the related costs are incurred.

2 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Rendering of services	16,412,857	19,269,865
Kit sales	3,072,029	2,599,404
	<u>19,484,886</u>	<u>21,869,269</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

3 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(49,246)
Auditor's remuneration	12,500	12,500
Depreciation of owned tangible fixed assets	53,799	42,786
	<u>66,299</u>	<u>5,940</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022 Number	2021 Number
63	59
<u>63</u>	<u>59</u>

Abzorb Systems Ltd
Notes to the Financial Statements (continued)
for the year ended 31 October 2022

4 Employees **(continued)**

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,291,519	2,015,276
Pension costs	40,040	37,996
	<u>2,331,559</u>	<u>2,053,272</u>

5 Director's remuneration

	2022	2021
	£	£
Remuneration for qualifying services	8,992	8,913
	<u>8,992</u>	<u>8,913</u>

6 Retirement benefit schemes

	2022	2021
	£	£
Charge to profit or loss	40,040	37,996
	<u>40,040</u>	<u>37,996</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

7 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	370,201	527,486
Adjustments in respect of prior periods	-	(69,310)
	<u>370,201</u>	<u>458,176</u>
Deferred tax		
Origination and reversal of timing differences	326	24,611
	<u>326</u>	<u>24,611</u>
Total tax charge	<u>370,527</u>	<u>482,787</u>

Abzorb Systems Ltd

Notes to the Financial Statements (continued) for the year ended 31 October 2022

7 Taxation

(continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	1,917,396	2,878,781
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	364,305	546,968
Tax effect of expenses that are not deductible in determining taxable profit	8,399	5,129
Permanent capital allowances in excess of depreciation	(2,177)	-
Under/(over) provided in prior years	-	(69,310)
Taxation charge for the year	370,527	482,787

8 Dividends

	2022 £	2021 £
Final paid	1,500,000	2,000,000

9 Tangible fixed assets

	Fixtures, fittings & IT equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 November 2021	326,485	-	326,485
Additions	38,185	58,385	96,570
At 31 October 2022	364,670	58,385	423,055
Depreciation and impairment			
At 1 November 2021	119,734	-	119,734
Depreciation charged in the year	41,635	12,164	53,799
At 31 October 2022	161,369	12,164	173,533
Carrying amount			
At 31 October 2022	203,301	46,221	249,522
At 31 October 2021	206,751	-	206,751

Abzorb Systems Ltd

Notes to the Financial Statements (continued) for the year ended 31 October 2022

10 Stocks

	2022 £	2021 £
Work in progress	6,078	15,975
Finished goods	74,826	78,697
	<u>80,904</u>	<u>94,672</u>

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,074,429	813,154
Amounts owed by group undertakings	1,136,281	1,432,664
Amounts owed by connected companies	70,876	70,876
Prepayments and accrued income	733,144	601,570
	<u>3,014,730</u>	<u>2,918,264</u>

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,396,014	1,588,838
Amounts owed to group undertakings	272,272	438,256
Corporation tax	206,257	201,007
Other taxation and social security	240,323	186,831
Amounts owed to connected company	-	456,501
Accruals and deferred income	466,132	592,506
	<u>3,580,998</u>	<u>3,463,939</u>

13 Deferred taxation

The following are the deferred tax liabilities recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	<u>25,458</u>	<u>25,132</u>

Abzorb Systems Ltd

Notes to the Financial Statements (continued) for the year ended 31 October 2022

13 Deferred taxation (continued)

	2022 £
Movements in the year:	
Liability at 1 November 2021	25,132
Charge to profit or loss	326
Liability at 31 October 2022	<u>25,458</u>

14 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15 Financial commitments, guarantees and contingent liabilities

The company's bankers hold a debenture creating a fixed and floating charge over the assets of the company.

16 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	19,298	32,851
Between two and five years	11,934	12,897
	<u>31,232</u>	<u>45,748</u>

17 Related party transactions

In accordance with the exemptions available to the company, related party disclosures in respect of group transactions are not disclosed on the basis that the details of the subsidiary are included in the group financial statements of the parent company.

During the year the company made sales to Abzorb U Ltd amounting to £515,503 (2021: £395,358).

During the year the company purchased goods and services from Abzorb U Ltd amounting to £4,386,929 (2021: £3,033,989).

At 31 October 2022 the amount due to Abzorb U Ltd was £1,059,483 (2021: £305,372).

S Beeby is a director of Abzorb U Ltd.

At 31 October 2022 the amount owed to the company by Beeby's Buildings Ltd amounts to £70,876 (2021: £70,876). S Beeby is a director of this company.

Abzorb Systems Ltd

Notes to the Financial Statements (continued) for the year ended 31 October 2022

18 Ultimate controlling party

The parent company of Abzorb Systems Ltd is Abzorb Group Ltd, a company registered in England and Wales, whose registered office is Armytage Road, Brighouse, HD6 1QF. Group accounts are available from Companies House, Crown Way, Maindy, CF14 3UZ.

19 Company information

Abzorb Systems Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Armytage Road, Brighouse, West Yorkshire, HD6 1QF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.