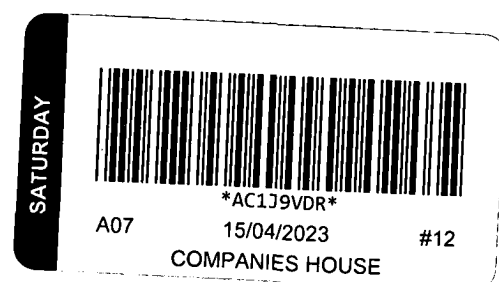


COMPANY REGISTRATION NUMBER: 04953775

COMPANIES HOUSE COPY

Metallisation Limited
Financial Statements
31 December 2022

MURAS BAKER JONES LIMITED
Chartered accountants & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG



Metallisation Limited

Financial Statements

Year ended 31 December 2022

Contents	Pages
Officers and professional advisers	1
Strategic report	2
Directors' report	3 to 4
Independent auditor's report to the members	5 to 8
Statement of income and retained earnings	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 to 22

Metallisation Limited

Officers and Professional Advisers

The board of directors

T P Lester
R V C Hill
S A Barker
P J Silcox
S Milton
J Newton

Company secretary

P J Silcox

Registered office

Peartree Lane
Dudley
West Midlands
DY2 0XH

Auditor

Muras Baker Jones Limited
Chartered accountants & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

Bankers

Yorkshire Bank
Temple Point
1 Temple Row
Birmingham
B2 5YB

Metallisation Limited

Strategic Report

Year ended 31 December 2022

Principal activity

The principal activity of the company continued to be the manufacture of thermal spray equipment and the distribution of thermal spray consumables.

Review of business, development and performance

During 2022 the company continued with the mission of providing excellence in its products, support and innovation to extend the benefits of thermal spray technology to its customers. The company has continued to invest in the business to facilitate growth and improve operational efficiency.

The financial results for 2022 were especially pleasing with the company achieving record sales whilst celebrating the centenary of the Metallisation brand. This performance was achieved with the continued economic instability caused by the Russia / Ukraine conflict, volatile commodity prices and supply chain challenges. Turnover was up against the previous year by 11% to £16.5m, with a profit before tax for the financial year in line with the previous year of £2.4m. Exports, to over 50 different countries comprise over 70% of turnover.

The directors consider that the company has a strong balance sheet and is well placed to continue to grow its market position during 2023 and beyond. All of this would not be possible without the continued support and dedication of a loyal and skilled workforce and the directors would like to place on record their appreciation of this.

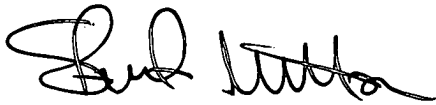
Principal risks and uncertainties

The principal risks and uncertainties faced by the company relate to the recoverability of trade debtors. To this effect the company performs credit checks for all significant customers and carries insurance policies to minimise bad debt risk.

The company has some exposure to risk in the respect of certain sales and purchases being in foreign currencies. The risk is managed by forward contracts for currency where it is considered applicable.

Other trading risks are managed by strategic policy of diversifying into new overseas markets and new products.

This report was approved by the board of directors on 16 March 2023 and signed on behalf of the board by:



S Milton
Director

Metallisation Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Principal activities

The principal activity of the company has continued to be the manufacture of thermal spray equipment and the distribution of thermal spray consumables.

Directors

The directors who served the company during the year were as follows:

T P Lester
R V C Hill
S A Barker
P J Silcox
S Milton
J Newton

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Financial instruments

The company holds financial instruments to finance its operation and as a tool to manage currency exposure risks arising from its operations.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations.

Operations and working capital requirements are funded principally out of short term banking facilities and retained profits.

Disclosure of information in the strategic report

The directors have prepared a separate strategic report in accordance with the requirements of section 414 Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

Metallisation Limited

Directors' Report *(continued)*

Year ended 31 December 2022

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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 16 March 2023 and signed on behalf of the board by:



S Milton
Director

Metallisation Limited

Independent Auditor's Report to the Members of Metallisation Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Metallisation Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Metallisation Limited

Independent Auditor's Report to the Members of Metallisation Limited (continued)

Year ended 31 December 2022

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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.

Metallisation Limited

Independent Auditor's Report to the Members of Metallisation Limited *(continued)*

Year ended 31 December 2022

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:

In planning and designing our audit tests we identify and assess the risks of material misstatement within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management about their own identification and assessment of risks and irregularities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK tax legislation and other laws and regulations identified as risk areas identified from our discussions with management.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

After consideration of the above risks we then carried out audit procedures including the following:

- specific tests in relation to material amounts and disclosures in the financial statements considered to be of high risk;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of management meetings;
- reviewing correspondence with H M Revenue & Customs;
- enquiring of management and reviewing any correspondence with legal advisors concerning actual and potential litigation and claims;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

There are inherent limitations in our audit procedures described above. The more removed that the laws and regulations are from financial transactions the less likely it is that we would be aware on

Metallisation Limited

Independent Auditor's Report to the Members of Metallisation Limited *(continued)*

Year ended 31 December 2022

non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to inquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

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.

Oliver Ross BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of
Muras Baker Jones Limited
Chartered accountants & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

16 March 2023

Metallisation Limited

Statement of Income and Retained Earnings

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	16,468,381	14,777,641
Cost of sales		<u>11,968,318</u>	<u>10,282,066</u>
Gross profit		4,500,063	4,495,575
Distribution costs		<u>178,268</u>	<u>130,830</u>
Administrative expenses		<u>1,987,491</u>	<u>2,014,855</u>
Other operating income	5	<u>82,242</u>	<u>78,410</u>
Operating profit	6	2,416,546	2,428,300
Interest payable and similar expenses	10	<u>26,445</u>	<u>920</u>
Profit before taxation		2,390,101	2,427,380
Tax on profit	11	<u>355,678</u>	<u>357,841</u>
Profit for the financial year and total comprehensive income		<u>2,034,423</u>	<u>2,069,539</u>
Dividends paid and payable	12	(1,700,000)	(1,400,000)
Retained earnings at the start of the year		<u>7,461,212</u>	<u>6,791,673</u>
Retained earnings at the end of the year		<u>7,795,635</u>	<u>7,461,212</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

Metallisation Limited

Statement of Financial Position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	245,507	213,020
Investments	14	1	1
		<u>245,508</u>	<u>213,021</u>
Current assets			
Stocks	15	1,916,828	2,429,565
Debtors	16	7,928,269	7,486,996
Cash at bank and in hand		1,197,488	738,231
		<u>11,042,585</u>	<u>10,654,792</u>
Creditors: amounts falling due within one year	18	<u>3,253,930</u>	<u>3,193,473</u>
Net current assets		<u>7,788,655</u>	<u>7,461,319</u>
Total assets less current liabilities		<u>8,034,163</u>	<u>7,674,340</u>
Provisions			
Taxation including deferred tax	19	42,400	17,000
Net assets		<u>7,991,763</u>	<u>7,657,340</u>
Capital and reserves			
Called up share capital	23	196,128	196,128
Profit and loss account	24	7,795,635	7,461,212
Shareholders funds		<u>7,991,763</u>	<u>7,657,340</u>

These financial statements were approved by the board of directors and authorised for issue on 16 March 2023, and are signed on behalf of the board by:



P J Silcox
Director

Company registration number: 04953775

The notes on pages 12 to 22 form part of these financial statements.

Metallisation Limited

Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the financial year		2,034,423	2,069,539
<i>Adjustments for:</i>			
Depreciation of tangible assets		102,146	121,124
Government grant income		(22,998)	(18,914)
Interest payable and similar expenses		26,445	920
Tax on profit		355,678	357,841
Accrued expenses		180,790	59,848
<i>Changes in:</i>			
Stocks		512,737	(308,425)
Trade and other debtors		(441,273)	(573,534)
Trade and other creditors		91,838	192,288
Cash generated from operations		2,839,786	1,900,687
Interest paid		(26,445)	(920)
Tax paid		(558,489)	(262,941)
Net cash from operating activities		<u>2,254,852</u>	<u>1,636,826</u>
Cash flows from investing activities			
Purchase of tangible assets		(134,634)	(40,116)
Proceeds from sale of tangible assets		1	–
Net cash used in investing activities		<u>(134,633)</u>	<u>(40,116)</u>
Cash flows from financing activities			
Proceeds from loans from group undertakings		42,110	–
Loans to group undertakings		–	(1,255,811)
Government grant income		22,998	18,914
Dividends paid		(1,700,000)	(1,400,000)
Net cash used in financing activities		<u>(1,634,892)</u>	<u>(2,636,897)</u>
Net increase/(decrease) in cash and cash equivalents		485,327	(1,040,187)
Cash and cash equivalents at beginning of year		455,680	1,495,867
Cash and cash equivalents at end of year	17	<u>941,007</u>	<u>455,680</u>

The notes on pages 12 to 22 form part of these financial statements.

Metallisation Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Peartree Lane, Dudley, West Midlands, DY2 0XH.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

(d) Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 reporting date that are expected to apply to the reversal of the timing difference.

Metallisation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

(e) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

(f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(g) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

(h) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over the life of the lease
Plant & Machinery	-	Over 3 to 10 years
Fixtures & Fittings	-	Over 3 to 10 years

(i) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

(j) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Metallisation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

(k) Stocks

Stocks are measured at the lower of cost and estimated selling price after making due allowance for obsolete and slow moving items. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(l) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

(m) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

3. Accounting policies (continued)

Provisions (continued)

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(n) Financial instruments

The company holds financial instruments to finance its operation and as a tool to manage currency exposure risks arising from its operations.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations. The company performs credit checks for all significant customers and carries insurance policies to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities and retained profits.

(o) Defined contribution plans

Contributions made by the company in respect of director's and employee's personal pension schemes are charged to the profit and loss account in the period they are paid.

4. Turnover

Turnover arises from:

	2022 £	2021 £
Sale of goods	<u>16,468,381</u>	<u>14,777,641</u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

The analysis of turnover by geographical market required by SI 2009/410 Schedule 1 Paragraph 68(5) has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

5. Other operating income

	2022 £	2021 £
Government grant income	22,998	18,914
Discounts received	33,469	30,099
Other operating income	<u>25,775</u>	<u>29,397</u>
	<u>82,242</u>	<u>78,410</u>

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

6. Operating profit

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	102,146	121,124
Impairment of trade debtors	5,147	23,814
Foreign exchange differences	14,295	5,157

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	15,000	15,000

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Production staff	20	20
Administrative staff	26	24
	46	44

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	1,823,875	1,602,908
Social security costs	219,298	180,989
Other pension costs	37,221	261,895
	2,080,394	2,045,792

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	85,207	109,823
Company contributions to defined contribution pension plans	–	230,800
	85,207	340,623

10. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	26,445	920

Metallisation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

11. Tax on profit

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax expense	442,800	477,000
Adjustments in respect of prior periods	(112,522)	(104,159)
Total current tax	<u>330,278</u>	<u>372,841</u>
Deferred tax:		
Origination and reversal of timing differences	15,204	(15,000)
Impact of change in tax rate	10,196	—
Total deferred tax	<u>25,400</u>	<u>(15,000)</u>
Tax on profit	<u>355,678</u>	<u>357,841</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	<u>2,390,101</u>	<u>2,427,380</u>
Profit on ordinary activities by rate of tax	454,118	461,202
Adjustment to tax charge in respect of prior periods	(5,669)	(17,371)
Effect of expenses not deductible for tax purposes	5,917	2,055
Effect of capital allowances and depreciation	(7,675)	10,203
Effect of different UK tax rates on some earnings	10,196	—
Rounding on tax charge	(56)	(11)
R & D claims in respect of prior periods	(106,853)	(86,788)
Short term timing differences	5,700	(11,449)
Tax on profit	<u>355,678</u>	<u>357,841</u>

12. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>1,700,000</u>	<u>1,400,000</u>

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

13. Tangible assets

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2022	80,991	1,497,216	524,526	2,102,733
Additions	–	80,547	54,087	134,634
Disposals	–	(6,701)	–	(6,701)
At 31 December 2022	80,991	1,571,062	578,613	2,230,666
Depreciation				
At 1 January 2022	78,664	1,377,132	433,917	1,889,713
Charge for the year	–	61,147	40,999	102,146
Disposals	–	(6,700)	–	(6,700)
At 31 December 2022	78,664	1,431,579	474,916	1,985,159
Carrying amount				
At 31 December 2022	2,327	139,483	103,697	245,507
At 31 December 2021	2,327	120,084	90,609	213,020

Capital commitments

	2022 £	2021 £
Contracted for but not provided for in the financial statements	–	47,495

14. Investments

	Shares in group undertaking s £
Cost	
At 1 January 2022 and 31 December 2022	1
Impairment	
At 1 January 2022 and 31 December 2022	–
Carrying amount	
At 31 December 2022	1
At 31 December 2021	1

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Metallisation Projects Limited	Ordinary	100

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

14. Investments (continued)

The company has not prepared consolidated accounts on the basis that they are exempt due to being included in the consolidated accounts of Metallisation Holdings Limited, the immediate parent company of Metallisation Limited.

15. Stocks

	2022 £	2021 £
Work in progress	49,085	762,916
Finished goods and goods for resale	1,867,743	1,666,649
	<u>1,916,828</u>	<u>2,429,565</u>

16. Debtors

	2022 £	2021 £
Trade debtors	2,663,383	2,158,973
Amounts owed by group undertakings	5,094,872	5,145,876
Prepayments and accrued income	146,638	118,588
Other debtors	23,376	63,559
	<u>7,928,269</u>	<u>7,486,996</u>

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2022 £	2021 £
Cash at bank and in hand	1,197,488	738,231
Bank overdrafts	(256,481)	(282,551)
	<u>941,007</u>	<u>455,680</u>

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	256,481	282,551
Payments received on account	104,042	209,119
Trade creditors	1,933,074	1,840,271
Amounts owed to group undertakings	42,111	1
Accruals and deferred income	419,159	238,369
Corporation tax	248,789	477,000
Social security and other taxes	243,189	106,519
Derivative financial liability	–	8,098
Other creditors	7,085	31,545
	<u>3,253,930</u>	<u>3,193,473</u>

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

18. Creditors: amounts falling due within one year (continued)

The company has a bank overdraft facility under which advances can be received in respect of unsettled sales invoices. The amount outstanding is secured by a debenture dated 14 November 2019 incorporating a fixed and floating charge over the assets of the company. The company's banking facilities as a whole are also secured by the same unlimited debenture dated 14 November 2019 incorporating a fixed and floating charge over the assets of the company.

19. Provisions

	Deferred tax (note 20) £
At 1 January 2022	17,000
Additions	25,400
At 31 December 2022	<u>42,400</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022 £	2021 £
Included in provisions (note 19)	<u>42,400</u>	<u>17,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022 £	2021 £
Accelerated capital allowances	44,600	24,000
Provisions	(2,200)	(7,000)
	<u>42,400</u>	<u>17,000</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £37,221 (2021: £261,895).

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022 £	2021 £
Recognised in other operating income:		
Government grants recognised directly in income	20,906	16,822
Government grants released to profit or loss	2,092	2,092
	<u>22,998</u>	<u>18,914</u>

Metallisation Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

23. Called up share capital

Authorised share capital

	2022		2021	
	No.	£	No.	£
Ordinary Class A shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class B shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class C shares of £1 each	98,066	98,066	98,066	98,066
	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary Class A shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class B shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class C shares of £1 each	98,066	98,066	98,066	98,066
	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	738,231	459,257	1,197,488
Bank overdrafts	(282,551)	26,070	(256,481)
Debt due within one year	(1)	(42,110)	(42,111)
	<u>455,679</u>	<u>443,217</u>	<u>898,896</u>

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	170,053	172,516
Later than 1 year and not later than 5 years	503,907	540,081
Later than 5 years	210,000	316,486
	<u>883,960</u>	<u>1,029,083</u>

Metallisation Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

27. Related party transactions

The company occupies premises owned by Pathfinder Private Pension Scheme, a scheme in which T P Lester, R V C Hill and S A Barker are members and trustees. Rent Payable by the company to the scheme for the year ended 31 December 2022 amounted to £105,000 (2021 - £105,000).

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102 Paragraph 33.1A "Related Party Disclosures", not to disclose any transactions with the entities that are included in the consolidated financial statements of the ultimate parent undertaking.

During the year, the company has made purchases of £13,320 (2021 - £23,420) from and sales of £nil (2021 - £4,387) to Lase Limited, a company in which T P Lester is a director and shareholder. As at 31 December 2022, £3,492 (2021 - £18,078) was owed to Lase Limited, and £nil (2021 - £nil) was due from Lase Limited.

28. Controlling party

The company is a wholly owned subsidiary of Metallisation Holdings Limited.