

Company Registration No. SC105407 (Scotland)

**KELVINSIDE ELECTRONICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2022**

# KELVINSIDE ELECTRONICS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr I Ferguey Mr D Baird
<b>Secretary</b>	Mr D Baird
<b>Company number</b>	SC105407
<b>Registered office</b>	2 Gavell Road Kilsyth Glasgow Scotland G65 9BS
<b>Auditor</b>	Consilium Audit Limited 169 West George Street Glasgow Scotland G2 2LB

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# KELVINSIDE ELECTRONICS LIMITED

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# KELVINSIDE ELECTRONICS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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The directors present the strategic report for the year ended 30 November 2022.

#### **Fair review of the business**

The company generated an operating profit of £1,440,456 during the year (2021: £1,273,336). At the year end the company had shareholders funds of £6,460,039 (2021: £5,313,928) including distributable profits of £6,383,787 (2021: £5,237,676). The directors therefore believe the Company's position to be satisfactory.

The directors have seen continuing satisfactory trading results in the year following the accounting period and expect these to continue going forward.

#### **Principal risks and uncertainties**

The directors have assessed the main risk facing the company and believe it to be the global shortage of electronic components. During 2021 the company experienced extended lead-times for the supply of electronic components and materials with the increased demand causing disruption in the marketplace and subsequently global supply shortages. This situation has worsened in 2022 and is not predicted to ease until late 2023. The company is therefore working closely with customers to determine their long-term needs and plan materials much further into the future than would normally be required. Planning so far in advance brings uncertainty as customers' forecasts can change very quickly and it is important that a materials pipeline is in place to allow the continued supply of products.

#### **Key performance indicators**

As with many other businesses, the Directors of the Company use a number of key performance indicators to assess performance of the company. Those regularly reviewed are:

- Gross profit margin - 33.6% for the year (2021: 35.8%)
- Operating profit margin - 10.7% for the year (2021: 11.3%)
- Quality assurance

#### **Other information and explanations**

The company finances its operations through a mixture of retained profits and operational bank accounts, and where necessary to fund expansion or capital expenditure programmes through bank borrowings and hire purchase. The management's objectives are to:

- retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to exchange rate fluctuations by using a mixture of forward contracts and foreign currency bank accounts

The company is exposed to the normal credit risk associated with dealing with customers on commercial credit terms.

The company is exposed to the normal exchange rate risk associated with dealing with foreign suppliers on commercial credit terms.

On behalf of the board

Mr I Ferguey  
**Director**

29 November 2023

# KELVINSIDE ELECTRONICS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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

#### Principal activities

The principal activity of the company continued to be that of designing, manufacturing and repairing electronic equipment.

#### Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

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

Mr I Ferguey

Mr D Baird

#### Auditor

The auditor, Consilium Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

#### Statement of disclosure to auditor

So far as each person who was a 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 directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **KELVINSIDE ELECTRONICS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 NOVEMBER 2022***

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On behalf of the board

Mr I Ferguey  
**Director**

29 November 2023

# KELVINSIDE ELECTRONICS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KELVINSIDE ELECTRONICS LIMITED

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#### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 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 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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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 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.

# **KELVINSIDE ELECTRONICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF KELVINSIDE ELECTRONICS LIMITED**

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#### **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 and the directors' report.

We have nothing to report in respect of the following matters where 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 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.



## **KELVINSIDE ELECTRONICS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF KELVINSIDE ELECTRONICS LIMITED**

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##### **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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- We identified the laws and regulations applicable to the company through discussions with directors and management and from our knowledge of the regulatory environment relevant to the company.
- We assessed the extent of compliance with laws and regulations through making enquiries of management and inspecting legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud.
- To address the risk of fraud through management bias and override of controls, we tested journal entries to identify unusual transactions, we assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and we investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence.

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.

# **KELVINSIDE ELECTRONICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF KELVINSIDE ELECTRONICS LIMITED**

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#### **Use of our report**

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

**David Holt (Senior Statutory Auditor)**  
**for and on behalf of Consilium Audit Limited**

#### **Statutory Auditor**

169 West George Street  
Glasgow  
Scotland  
G2 2LB

Date: 29 November 2023

# KELVINSIDE ELECTRONICS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	13,485,369	11,250,396
Cost of sales		(8,953,221)	(7,222,681)
<b>Gross profit</b>		<u>4,532,148</u>	<u>4,027,715</u>
Administrative expenses		(3,096,745)	(2,755,867)
Other operating income		5,053	1,488
<b>Operating profit</b>	<b>4</b>	<u>1,440,456</u>	<u>1,273,336</u>
Interest receivable and similar income	<b>8</b>	642	130
Interest payable and similar expenses	<b>9</b>	(5,100)	(15,821)
<b>Profit before taxation</b>		<u>1,435,998</u>	<u>1,257,645</u>
Tax on profit	<b>10</b>	(289,887)	(247,353)
<b>Profit for the financial year</b>		<u><u>1,146,111</u></u>	<u><u>1,010,292</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# KELVINSIDE ELECTRONICS LIMITED

## BALANCE SHEET

AS AT 30 NOVEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		291,534		203,699
<b>Current assets</b>					
Stocks	12	8,933,819		4,378,046	
Debtors	13	2,541,993		2,155,568	
Cash at bank and in hand		535,923		1,278,409	
		12,011,735		7,812,023	
<b>Creditors: amounts falling due within one year</b>	14	(5,784,510)		(2,658,355)	
<b>Net current assets</b>			6,227,225		5,153,668
<b>Total assets less current liabilities</b>			6,518,759		5,357,367
<b>Creditors: amounts falling due after more than one year</b>	15		(10,159)		(14,059)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	48,561		29,380	
			(48,561)		(29,380)
<b>Net assets</b>			6,460,039		5,313,928
<b>Capital and reserves</b>					
Called up share capital	20		6,579		6,579
Share premium account			65,923		65,923
Capital redemption reserve			3,750		3,750
Profit and loss reserves			6,383,787		5,237,676
<b>Total equity</b>			6,460,039		5,313,928

The financial statements were approved by the board of directors and authorised for issue on 29 November 2023 and are signed on its behalf by:

Mr I Ferguey  
Director

Company Registration No. SC105407

# KELVINSIDE ELECTRONICS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2022

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 December 2020</b>	6,579	65,923	3,750	4,227,384	4,303,636
<b>Year ended 30 November 2021:</b>					
Profit and total comprehensive income for the year	-	-	-	1,010,292	1,010,292
<b>Balance at 30 November 2021</b>	6,579	65,923	3,750	5,237,676	5,313,928
<b>Year ended 30 November 2022:</b>					
Profit and total comprehensive income for the year	-	-	-	1,146,111	1,146,111
<b>Balance at 30 November 2022</b>	6,579	65,923	3,750	6,383,787	6,460,039

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 NOVEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Kelvinside Electronics Limited is a private company limited by shares incorporated in Scotland. The registered office is 2 Gavell Road, Kilsyth, Glasgow, Scotland, G65 9BS. The company's registration number is SC105407.

#### **1.1 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. Monetary amounts in these financial statements are rounded to the nearest £.

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 from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kelvinside Electronics (Number 1) Limited. These consolidated financial statements are available from its registered office, 2 Gavell Road, Kilsyth, Glasgow, G65 9BS.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The principal shareholder has committed in writing to provide funding to ensure the Company and Group meet its financial obligations as they fall due for a period of at least 12 months from signing these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 1 Accounting policies

(Continued)

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

Plant and equipment	15% on cost
Fixtures and fittings	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### Work in progress

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a normal level of activity. No element of profit is included in the valuation of work in progress.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 1 Accounting policies

(Continued)

#### **Classification of 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 deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 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 profit and loss account 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.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

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

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

- Determine the basis of recognising income. The Company recognises revenue when the amount can be measured reliably; it is probable that future economic benefit will flow to the Company and the Company has fulfilled its contractual obligations.
- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed credit terms.
- Determine whether any stock provision is required via comparison of cost and net realisable value of stock on an item by item basis. Factors considered include stock obsolescence, stock turnover and stock condition.

### 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,435,445	11,112,441
Overseas	49,924	137,955
	<u>13,485,369</u>	<u>11,250,396</u>
	2022	2021
	£	£
<b>Other significant revenue</b>		
Interest income	642	130
Grants received	5,053	1,488
	<u></u>	<u></u>

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	142,787	(48,391)
Government grants	(5,053)	(1,488)
Depreciation of owned tangible fixed assets	85,153	74,213
Operating lease charges	23,624	20,685

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	22,000	16,000

### 6 Employees

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

	2022	2021
	Number	Number
Production staff	55	58
Administrative staff	7	7
Management staff	2	2
Total	64	67

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,807,844	1,747,350
Social security costs	193,235	163,534
Pension costs	93,942	176,949
	2,095,021	2,087,833

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	192,000	192,000
Company pension contributions to defined contribution schemes	-	40,000
	<u>192,000</u>	<u>232,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 1).

### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	642	130
	<u>642</u>	<u>130</u>

### 9 Interest payable and similar expenses

	2022 £	2021 £
Other interest	5,100	15,821
	<u>5,100</u>	<u>15,821</u>

### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	270,706	256,964
	<u>270,706</u>	<u>256,964</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	19,181	(9,611)
	<u>19,181</u>	<u>(9,611)</u>
<b>Total tax charge</b>	<u>289,887</u>	<u>247,353</u>

From April 2023 onwards, the main rate of Corporation Tax will rise from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19% which is a new small profits rate.

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 10 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	1,435,998	1,257,645
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	272,840	238,953
Tax effect of expenses that are not deductible in determining taxable profit	17,047	6,923
Depreciation on assets not qualifying for tax allowances	-	1,477
Taxation charge for the year	289,887	247,353

### 11 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 December 2021	2,079,092	294,598	2,373,690
Additions	167,578	5,410	172,988
At 30 November 2022	2,246,670	300,008	2,546,678
<b>Depreciation and impairment</b>			
At 1 December 2021	1,893,552	276,439	2,169,991
Depreciation charged in the year	76,067	9,086	85,153
At 30 November 2022	1,969,619	285,525	2,255,144
<b>Carrying amount</b>			
At 30 November 2022	277,051	14,483	291,534
At 30 November 2021	185,540	18,159	203,699

### 12 Stocks

	2022 £	2021 £
Raw materials and consumables	7,962,858	3,794,921
Work in progress	40,500	40,500
Finished goods and goods for resale	930,461	542,625
	8,933,819	4,378,046

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 13 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,368,329	1,986,892
Prepayments and accrued income	173,664	168,676
	<u>2,541,993</u>	<u>2,155,568</u>

### 14 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Other borrowings	16	2,411	2,411
Trade creditors		4,173,357	1,487,282
Amounts owed to group undertakings		780,183	690,183
Corporation tax		141,120	134,520
Other taxation and social security		474,273	308,511
Accruals and deferred income		213,166	35,448
		<u>5,784,510</u>	<u>2,658,355</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Other borrowings	16	8,242	10,654
Government grants	18	1,917	3,405
		<u>10,159</u>	<u>14,059</u>

### 16 Loans and overdrafts

	2022	2021
	£	£
Other loans	<u>10,653</u>	<u>13,065</u>
Payable within one year	2,411	2,411
Payable after one year	<u>8,242</u>	<u>10,654</u>

The other loan is repayable by instalments evenly over 7 years and interest free. The loan is unsecured.

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 17 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Accelerated capital allowances	48,561	29,380
	<u>48,561</u>	<u>29,380</u>
<b>Movements in the year:</b>		<b>2022 £</b>
Liability at 1 December 2021		29,380
Charge to profit or loss		19,181
		<u>48,561</u>
Liability at 30 November 2022		<u>48,561</u>

### 18 Government grants

	2022 £	2021 £
Deferred government grant	1,917	3,405
	<u>1,917</u>	<u>3,405</u>

### 19 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	93,942	176,949
	<u>93,942</u>	<u>176,949</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.

### 20 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
Issued and fully paid				
Ordinary of £1 each	6,579	6,579	6,579	6,579
	<u>6,579</u>	<u>6,579</u>	<u>6,579</u>	<u>6,579</u>

# KELVINSIDE ELECTRONICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

### 21 Operating lease commitments

#### Lessee

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	22,863	23,642
Between two and five years	21,067	18,682
	<u>43,930</u>	<u>42,324</u>

### 22 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

No further transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### 23 Ultimate controlling party

The company was under the control of D Baird throughout the current and previous year by virtue of his interest in the issued share capital of the ultimate parent company, Kelvinside Electronics (Number 1) Limited.

The company is included within the consolidated financial statements of the ultimate parent company, Kelvinside Electronics (Number 1) Limited.



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