Registered number: 02653692

Simms International Plc

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Simms International Plc

Company Information

Directors	A R Henderson S J Henderson C Beaumont R Guest M Whitby
Company secretary	C Beaumont
Registered number	02653692
Registered office	Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU

Simms International Plc

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Strategic Report
For the Year Ended 31 December 2022

Introduction

The directors have pleasure in presenting their strategic report for the year ended 31 December 2022. The directors aim to present a balanced and comprehensive review of the development and performance of the Company's business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the Company faces.

Business review

The results for the year and financial position of the Company are as shown in the annexed financial statements.

The Company continues to seek opportunities in line with its vision of enabling its customers to manage data through world class memory and storage solutions.

In the last year the Company continued to experience challenges brought about by the ongoing political uncertainty globally, the developing cost of living crisis and increasing inflationary pressure. The trading environment continued to be unpredictable throughout the year. In particular the industry continued to experience exceptional price declines across a number of product lines making predictable trading challenging.

The priorities for the Company remained being focussed on maintaining a profitable trading position and ensuring the health and wellbeing of their employees, together with supporting future growth aspirations with investment into infrastructure.

In some areas, demand continued to be strong and supported by strong inventory management, the Company was able to post pre-tax profits of £752k. Despite a reduction in revenue of £2.5m, largely brought about by a drop in consumer and workplace spending, considered cost management and increased activity in areas that the company can demonstrate its compelling value proposition have ensured that profitability remains strong.

The Company is also committed to reducing its impact on the environment and is taking robust action to meet the objectives of the 2015 Paris Agreement and the UK’s Net Zero 2050 policy.

The current approach is to fully offset its annual emissions using verified UK-based offsets involving afforestation projects. This has been completed for 2019 to 2022, and therefore the Company was Carbon Net Zero in these years.

Going forward the Company is preparing to invest in a self-funded carbon sequestration project involving the re-wilding of former agricultural land. This project is still work in progress, but should produce a tangible and significant local offset before 2030.

In the meantime, the Company will continue to implement annual decarbonisation action plans. The current focus is on energy efficiency and behaviour change, the electrification of heat and hot water, and the deployment of renewable energy.

The directors are extremely proud of the Company’s performance in 2022, given the huge amount of global uncertainty and external challenges that exist. The directors’ belief is that the Company’s performance continues to exceed that of its competitors, which is reflective of the Company’s close relationship with their key suppliers, trusted status with customers and skilled and committed workforce.

The Company’s board of directors continues to work closely with the Executive leadership team in developing and evolving its strategic business plan, ensuring strong governance and providing a platform to deliver consistent profitable growth.

Principal risks and uncertainties

The directors consider the principal risks faced by the Company to include the effect of COVID 19, liquidity risk, currency risk and credit risk as set out below. There is also an on going challenge related to product shipments to and from Europe related to post Brexit regulation changes. The directors seek to mitigate these risks through continual review and policy setting, which includes the use of financial instruments.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company finances its operations through a mixture of retained profits together with additional funding being by means of secured bank borrowings against trade debtors and directors' loan.

Currency risk

The Company seeks to minimise its exposure to fluctuations in exchange rates by taking out forward currency contracts to hedge against foreign currency denominated commitments. The Company’s policy is to enter into forward currency contracts for all such commitments immediately those purchase commitments are made. At the year end all non sterling purchase commitments were hedged by foreign currency contracts and currency balances held at bank.

Credit risk

The Company’s principal financial assets are trade debtors. The credit risk arising from these balances is mitigated by strict credit management and insurance cover.

The Company's policy throughout the period has been to monitor exposure to each of these risks through the directors’ and management's day to day control of the business.

Inventory risk

The Company has policies and procedures for managing its inventory, within the resources available to it, in line with anticipated movements in market supply and demand.

Future developments

The Company will continue to develop and grow the breadth of its information technology product and service offering in existing and new markets by the continued enhancement of its customer service facilities coupled with the continued improvement of its logistical operations.

Key performance indicators

The Company monitors financial key performance indicators to determine the progress and performance of the Company in relation to, inter alia, return on investment, working capital requirement, profitability, stock turn, debtor and creditor days and also non financial key performance indicators in customer spread, book to bill ratios, stock availability for next day delivery and stock returns.

Engagement with employees

The Company is committed to keeping employees informed of its performance, development and progress through its established system of appraisals by management and widely distributed news and information bulletins.

Disabled employees

The Company’s aim is to meet the objectives of the code of good practice on the employment of disabled people. Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of their aptitude and abilities. It remains Company policy to retain employees who become disabled whilst in its service and to provide specialised training where appropriate.

Engagement with suppliers, customers and others

During the period the Company worked extensively to strengthen its supplier and customer relationships, as ensuring that the Company maintains an efficient and effective supply chain is critical to its long term success.

Customer retention was improved across our customer segments through careful relationship and investment in customer experience, and the Company continues to build on its business relationships in all areas; to promote best practice, increase efficiencies, and secure long term, sustainable success.

Post balance sheet events

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

Directors' statement of compliance with duty to promote the success of the Company

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2022.

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The directors', both individually and collectively, consider that they have acted in good faith to promote the success of the Company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

- To ensure the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, health & safety, environmental reports, risks and opportunities - all supported by Key Performance Indicators (KPIs). The Company's performance and progress is also reviewed regularly at Board and senior management meetings.
- The Company's employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the directors' promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation. During the period, the Company continued to invest in its departmental resources and I.T infrastructure to further support and enhance the working environment for its employees.
- The Company's customers and suppliers are also fundamental to the success of the business and as a leading supplier of information technology products in the UK, it is essential that the Company maintains its reputation for high quality product, sustainability and high standards of business conduct. The Company strives to continually improve and strengthen its supply chain, products and customer service for the mutual benefit of all of its stakeholders.
- The directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the local and wider community, minimising the Company's impact on the environment wherever possible, and working hard to help their own customers reduce their impact too.
- The directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the Company.

The directors' have overall responsibility for determining the Company's purpose, values and strategy and for ensuring high standards of governance. The primary aim of the directors' is to promote the long-term sustainable success of the Company, generating value for stakeholders and contributing to the wider society. Throughout 2023, the Board will continue to review and challenge how the company can improve engagement with its employees and other stakeholders.

This report was approved by the board on and signed on its behalf.

C Beaumont
Director

Directors' Report
For the Year Ended 31 December 2022

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £581,282 (2021 - £852,521).

During the year dividends were paid amounting to £175,000 (2021: £500,000). No final dividends have been proposed by the Company.

Directors

The directors who served during the year were:

A R Henderson
S J Henderson
C Beaumont
R Guest
M Whitby

Matters covered in the Strategic Report

The directors have prepared a Strategic Report incorporating post balance sheet events, future developments and consideration of the Company's customers, suppliers and employees.

Directors' Report (continued)
For the Year Ended 31 December 2022

Disclosure of information to auditor

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

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

Auditor

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

This report was approved by the board and signed on its behalf.

C Beaumont
Director
Date:

Independent Auditor's Report to the Members of Simms International Plc

Opinion

We have audited the financial statements of Simms International Plc (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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.

Independent Auditor's Report to the Members of Simms International Plc (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

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

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

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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of stock and other provisions. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Jonathan Timms BSc FCCA (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Chatham Maritime
Date:

Statement of Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	**27,184,798**	29,729,331
Cost of sales		**(23,133,154)**	(25,377,802)
Gross profit		**4,051,644**	4,351,529
Distribution costs		**(1,155,458)**	(1,288,335)
Administrative expenses		**(2,106,103)**	(1,938,069)
Operating profit	5	**790,083**	1,125,125
Interest receivable and similar income	9	**26**	-
Interest payable and expenses	10	**(38,226)**	(59,199)
Profit before tax		**751,883**	1,065,926
Tax on profit	11	**(170,601)**	(213,405)
Profit for the financial year		**581,282**	852,521

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

The notes on pages 13 to 26 form part of these financial statements.

Simms International Plc
Registered number: 02653692

Balance Sheet
As at 31 December 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**283,975**		336,402
Tangible assets	14		**213,997**		127,477
Investments	15		**60,295**		60,295
			558,267		524,174
Current assets					
Stocks	16	**2,207,357**		2,158,538	
Debtors: amounts falling due within one year	17	**4,110,912**		4,957,380	
Cash at bank and in hand	18	**501,659**		939,743	
		6,819,928		8,055,661	
Creditors: amounts falling due within one year	19	**(2,952,005)**		(4,389,225)	
Net current assets			**3,867,923**		3,666,436
Total assets less current liabilities			**4,426,190**		4,190,610
Creditors: amounts falling due after more than one year	20		**(560,295)**		(760,295)
Provisions for liabilities					
Deferred tax	22		**(48,611)**		(19,313)
Net assets			**3,817,284**		3,411,002
Capital and reserves					
Called up share capital	23		**50,000**		50,000
Capital redemption reserve	24		**50,000**		50,000
Profit and loss account	24		**3,717,284**		3,311,002
			3,817,284		3,411,002

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

A R Henderson
Director
Date:

The notes on pages 13 to 26 form part of these financial statements.

Simms International Plc

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	**50,000**	**50,000**	**2,958,481**	**3,058,481**
Profit for the year	-	-	852,521	852,521
Dividends: Paid	-	-	(500,000)	(500,000)
At 1 January 2022	**50,000**	**50,000**	**3,311,002**	**3,411,002**
Profit for the year	-	-	581,282	581,282
Dividends: Paid	-	-	(175,000)	(175,000)
At 31 December 2022	**50,000**	**50,000**	**3,717,284**	**3,817,284**

The notes on pages 13 to 26 form part of these financial statements.

1. Company information

Simms International Plc is a limited liability company incorporated in England, registered number 02653692. The address of the Company's principal place of business is Simms International Plc, Northdown Close, Northdown Business Park, Ashford Road, Lenham, Kent, ME17 2DL. The principal activity of the Company in the year under review was that of distributors of information technology products, principally memory.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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

2.3 Consolidated accounts exemption

The Company is itself a parent undertaking and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.4 Revenue

Revenue represents amounts due from the normal activities of the business to the extent that the company obtains a right to consideration in exchange for its performance of those activities, exclusive of VAT and trade discounts. Revenue is recognised on dispatch of goods to customers.

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets comprises goodwill only. Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer’s interest in the fair value of the Group’s share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life. Following acquisition it is the Company's policy that the underlying businesses continue to trade and operate in the same markets. The Company therefore considers the useful economic life of goodwill to be 20 years.

2.6 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line or reducing balance basis as appropriate. .

Depreciation is provided on the following basis:

Leasehold improvements	- 20% on cost
Plant and machinery	- 33% and 10% on cost; 20% reducing balance
Motor vehicles	- 33% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.8 Stocks

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

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

2.9 Debtors

Debtors held within current assets are measured at transaction price, less any impairment.

2.10 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.12 Creditors

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

2.13 Finance costs

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

2. Accounting policies (continued)

2.14 Dividends

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

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pounds.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within administration expenses.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to statement of comprehensive income on a straight-line basis over the lease term.

2.17 Interest income

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

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Borrowing costs

All borrowing costs are recognised in statement of comprehensive income in the year in which they are incurred.

2. Accounting policies (continued)

2.20 Invoice discounting

The company is able to raise finance secured against approved trade debtors. On the basis that the benefits and risks attaching to the debts remain with the Company, a seperate presentation has been adopted. On this basis the gross debts are included as an asset within the trade debtors and the proceeds received are included within bank loans and overdrafts as a liability.

2.21 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following are the Company's key sources of estimation uncertainty:

Goodwill included within intangible assets

The Company has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £283,975 at the reporting date (see note 13). On acquisition the Company determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life. At each subsequent reporting date the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

4. Analysis of turnover

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	**22,429,576**	26,715,212
Rest of Europe	**2,884,610**	1,937,636
Rest of the world	**1,870,612**	1,076,483
	27,184,798	29,729,331

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	**65,179**	122,132
Amortisation of intangible assets, including goodwill	**52,427**	52,426
Exchange differences	**(20,589)**	(45)
Other operating lease rentals	**71,000**	71,000

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**19,750**	18,000

7. Employees

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

	2022 £	2021 £
Wages and salaries	**1,771,110**	1,804,095
Social security costs	**210,968**	202,179
Cost of defined contribution scheme	**63,206**	79,632
	2,045,284	2,085,906

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

	2022 No.	2021 No.
Sales	**13**	13
Administration	**17**	17
Marketing	**3**	3
	33	33

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	**193,868**	184,782
Company contributions to defined contribution pension schemes	**40,000**	56,678
	233,868	241,460

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2022 £	2021 £
Other interest receivable	**26**	-

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	**28,938**	18,461
Other loan interest payable	**9,288**	40,738
	38,226	59,199

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	**141,303**	230,478
Deferred tax		
Origination and reversal of timing differences	**17,631**	(17,073)
Changes to tax rates	**11,667**	-
Taxation on profit on ordinary activities	**170,601**	213,405

Factors affecting tax charge for the year

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

	2022 £	2021 £
Profit on ordinary activities before tax	**751,883**	1,065,926
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**142,858**	202,526
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**9,961**	9,961
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**9,021**	3,161
Depreciation on assets not qualifying for capital allowances	**1,020**	856
Enhanced capital allowances	**(1,646)**	(1,325)
Other differences leading to an increase (decrease) in the tax charge	**(2,280)**	(1,774)
Change in tax rate	**11,667**	-
Total tax charge for the year	**170,601**	213,405

11. Taxation (continued)

Factors that may affect future tax charges

On 24 May 2021, the Finance Bill 2021 was substantively enacted, increasing the main rate of corporation tax to 25% on 1 April 2023, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds.

Deferred taxes have been measured using rates substantively enacted at the reporting date and reflected in these financial statements.

12. Dividends

	2022	2021
	£	£
Ordinary shares	**175,000**	500,000

13. Intangible assets

	Goodwill
	£
Cost	
At 1 January 2022	**1,048,522**
At 31 December 2022	**1,048,522**
Amortisation	
At 1 January 2022	**712,120**
Charge for the year on owned assets	**52,427**
At 31 December 2022	**764,547**
Net book value	
At 31 December 2022	**283,975**
At 31 December 2021	336,402

14. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2022	**99,419**	**437,949**	**80,966**	**618,334**
Additions	**53,270**	**20,939**	**77,490**	**151,699**
At 31 December 2022	**152,689**	**458,888**	**158,456**	**770,033**
Depreciation				
At 1 January 2022	**76,744**	**370,841**	**43,272**	**490,857**
Charge for the year on owned assets	**15,719**	**16,621**	**32,839**	**65,179**
At 31 December 2022	**92,463**	**387,462**	**76,111**	**556,036**
Net book value				
At 31 December 2022	**60,226**	**71,426**	**82,345**	**213,997**
At 31 December 2021	22,675	67,108	37,694	127,477

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	**60,295**
At 31 December 2022	**60,295**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Jactron Limited	Northdown Close, Northdown Business Park, Ashford Road, Lenham, Kent, ME17 2DL	Ordinary	100%

16. Stocks

	2022 £	2021 £
Finished goods and goods for resale	**2,207,357**	2,158,538

An impairment gain of £13,000 (2021: £13,000) was recognised in cost of sales against stock during the year due to slow-moving stock.

17. Debtors

	2022 £	2021 £
Trade debtors	**3,936,973**	4,829,120
Other debtors	**49,101**	39,285
Prepayments and accrued income	**124,838**	88,975
	4,110,912	4,957,380

The Company is able to raise finance secured against approved trade debtors. The gross amount of the debts which were discounted at 31 December 2022 is £3,399,267 (2021: £4,651,118).

An impairment loss of £11,709 (2021: gain of £42,221) was recognised against trade debtors.

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**501,659**	939,743

19. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	**2,135,546**	2,472,651
Corporation tax	**141,277**	230,478
Other taxation and social security	**261,134**	663,480
Other creditors	**706**	326,577
Accruals and deferred income	**413,342**	696,039
	2,952,005	4,389,225

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

	2022 £	2021 £
Bank loans	**500,000**	500,000
Other loans	**-**	200,000
Amounts owed to group undertakings	**60,295**	60,295
	560,295	760,295

Bank loans are secured against amounts owing within debtors and by way of a floating charge over the assets of the Company and of its holding Company.

21. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due 1-2 years		
Bank loans	**500,000**	500,000
Other loans	**-**	200,000
	500,000	700,000

22. Deferred taxation

	2022 £	2021 £
At beginning of year	**(19,313)**	(36,386)
Charged to profit or loss	**(29,298)**	17,073
At end of year	**(48,611)**	(19,313)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	**(48,611)**	(19,313)

Notes to the Financial Statements
For the Year Ended 31 December 2022

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
200,001 (2021 - 200,001) Ordinary shares of £0.25 each	**50,000**	50,000

24. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

25. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	**65,028**	53,000
Later than 1 year and not later than 5 years	**31,071**	53,000
	96,099	106,000

26. Related party transactions

During the year, the Company paid interest of £9,288 (2021: £40,738) on loans made by its directors.

During the year, the Company had loans advanced by the Directors of £122,000 (2021: £250,000) and made repayments of loans from its Directors of £647,871 (2021: £260,735). The balance owing by the Company to the Directors is £706 (2021: £526,577) disclosed within other creditors.

During the year, the Company paid rent on arm's length terms of £53,000 (2021: £53,000) to a company self administered pension scheme, a fund in which the directors are beneficiaries.

During the year, the Company paid consultancy fees to R Guest, director, of £39,584 (2021: £41,528). This is included within Directors' remuneration.

During the year, the Company paid consultancy fees to AWP Associates Limited for the services of M Whitby, director, of £33,115 (2021: £27,478). This is included within Directors' remuneration.

The Company has taken advantage of the exemption from disclosing related party transactions with its fellow group members and key management personnel compensation provided by Section 33 Related Party Disclosures paragraph 33.1A.

Notes to the Financial Statements
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27. Controlling party

In the directors' opinion the Company's ultimate parent company is Rorke Holdings Limited, a company incorporated in England and Wales, and in which there is a controlling interest held by A R Henderson and S J Henderson.