

Company registration number 07991017 (England and Wales)

**TANFIELD ENGINEERING SYSTEMS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# TANFIELD ENGINEERING SYSTEMS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr K D Harris
<b>Company number</b>	07991017
<b>Registered office</b>	Tanfield Lea Industrial Estate Stanley Co Durham DH9 9NX
<b>Auditor</b>	Davies Tracey Swan House Westpoint Road Teesdale Business Park Stockton on Tees TS17 6BP

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# TANFIELD ENGINEERING SYSTEMS LIMITED

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# TANFIELD ENGINEERING SYSTEMS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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The director presents the strategic report for the year ended 31 March 2023.

### Principal activities

The Company's principal activity during the year was the manufacture of fabricated steel parts.

### Review of the business

The director is pleased to report a record profit for the financial year of £734,224.

Turnover increased from £12.2m to £17.2m due to a combination of increased demand and higher steel prices because of the Russia – Ukraine conflict. Gross Profit percentage remained constant at 20 percent. Unadjusted EBITDA increased from £1m to £1.6m This represents an increase of 60 percent.

### Principal risks and uncertainties

The Company's exposure to the risks described below is assessed and controlled by the director and senior management team.

#### Supply chain risk

The supply chain risk is mitigated by a detailed knowledge of key suppliers and the risks that they are exposed to.

#### Price risk

Price risk, particularly rising material costs, is mitigated by the trading arrangements with customers and suppliers.

#### Liquidity risk

Trading cash flow and liquidity risks are managed with funding facilities available to the Company. The cash flow position is closely monitored and controlled, with regular forecasting.

#### Competitive risk

The market for supply of fabricated steel parts is highly competitive. However, this risk is mitigated by the Company's strong working relationships with key customers.

#### Key performance indicators

The director and senior management team assess the Company's financial performance with reference to regularly prepared management information, including the monitoring of actual results with forecasts, enabling corrective action to be taken where appropriate.

	2023	2022	2021	2020
	£	£	£	£
Turnover	17,164,940	12,202,915	5,818,335	8,119,860
Gross profit	3,407,389	2,534,882	931,566	2,042,230
EBITDA (unadjusted)	1,565,020	1,045,899	13,148	626,548
Dividends	87,000	91,400	12,000	-
Net assets	1,178,795	531,571	173,344	513,111

On behalf of the board

Mr K D Harris

**Director**

11 July 2023

# TANFIELD ENGINEERING SYSTEMS LIMITED

## DIRECTOR'S REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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The director presents his annual report and financial statements for the year ended 31 March 2023.

### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £87,000. The director does not recommend payment of a final dividend.

### **Director**

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

Mr K D Harris

### **Future developments**

Customer demand remains strong and the director is confident that the Company will continue to trade profitably and increase its market share.

### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Disclosure in the Strategic Report**

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

### **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.

**TANFIELD ENGINEERING SYSTEMS LIMITED**

**DIRECTOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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On behalf of the board

Mr K D Harris  
**Director**

11 July 2023

# TANFIELD ENGINEERING SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TANFIELD ENGINEERING SYSTEMS LIMITED

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#### Opinion

We have audited the financial statements of Tanfield Engineering Systems Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# TANFIELD ENGINEERING SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TANFIELD ENGINEERING SYSTEMS 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 or the director's report.

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

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

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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 the extent to which an audit conducted under ISAs (UK) is capable of detecting irregularity, including fraud. Our procedures include:

- obtaining an understanding of the legal and regulatory frameworks applicable to the company, such as the Companies Act 2006;
- obtaining an understanding of how the company complies with the applicable legal and regulatory frameworks;
- assessing the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, with audit procedures including reviewing internal controls, testing supporting documentation, enquiring of company management and obtaining written confirmation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

# **TANFIELD ENGINEERING SYSTEMS LIMITED**

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

### **TO THE MEMBERS OF TANFIELD ENGINEERING SYSTEMS LIMITED**

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#### **Other matter**

The company took advantage of audit exemption available to smaller companies in respect of the year ended 31 March 2022 and consequently the corresponding figures in these financial statements are unaudited.

#### **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.

**Craig McBride (Senior Statutory Auditor)**  
**for and on behalf of Davies Tracey**  
**Chartered Accountants and Statutory Auditors**  
Swan House  
Westpoint Road  
Teesdale Business Park  
Stockton on Tees  
TS17 6BP

11 July 2023

# TANFIELD ENGINEERING SYSTEMS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

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	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	17,164,940	12,202,915
Cost of sales		(13,757,551)	(9,668,033)
<b>Gross profit</b>		<u>3,407,389</u>	<u>2,534,882</u>
Administrative expenses		(2,101,935)	(1,726,202)
Other operating income		-	2,068
<b>Operating profit</b>	<b>4</b>	<u>1,305,454</u>	<u>810,748</u>
Interest payable and similar expenses	<b>7</b>	(347,860)	(266,202)
<b>Profit before taxation</b>		<u>957,594</u>	<u>544,546</u>
Tax on profit	<b>8</b>	(223,370)	(94,919)
<b>Profit for the financial year</b>		<u><u>734,224</u></u>	<u><u>449,627</u></u>

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

# TANFIELD ENGINEERING SYSTEMS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		135,000		176,610
Tangible assets	11		1,657,002		1,644,553
			<u>1,792,002</u>		<u>1,821,163</u>
<b>Current assets</b>					
Stocks	12	1,113,424		1,277,792	
Debtors	13	4,268,579		3,810,766	
Cash at bank and in hand		1,075,465		336,065	
		<u>6,457,468</u>		<u>5,424,623</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,431,107)</u>		<u>(5,973,626)</u>	
<b>Net current assets/(liabilities)</b>			<u>26,361</u>		<u>(549,003)</u>
<b>Total assets less current liabilities</b>			<u>1,818,363</u>		<u>1,272,160</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(276,705)		(437,053)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	<u>362,863</u>		<u>303,536</u>	
			<u>(362,863)</u>		<u>(303,536)</u>
<b>Net assets</b>			<u>1,178,795</u>		<u>531,571</u>
<b>Capital and reserves</b>					
Called up share capital	21		5		5
Revaluation reserve			305,250		331,900
Profit and loss reserves			873,540		199,666
<b>Total equity</b>			<u>1,178,795</u>		<u>531,571</u>

The financial statements were approved and signed by the director and authorised for issue on 11 July 2023

Mr K D Harris  
Director

Company Registration No. 07991017

# TANFIELD ENGINEERING SYSTEMS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 31 March 2021</b>		5	376,500	(203,161)	173,344
<b>Year ended 31 March 2022:</b>					
Profit and total comprehensive income for the year		-	-	449,627	449,627
Dividends	9	-	-	(91,400)	(91,400)
Transfers		-	(44,600)	44,600	-
<b>Balance at 31 March 2022</b>		5	331,900	199,666	531,571
<b>Year ended 31 March 2023:</b>					
Profit and total comprehensive income for the year		-	-	734,224	734,224
Dividends	9	-	-	(87,000)	(87,000)
Transfers		-	(26,650)	26,650	-
<b>Balance at 31 March 2023</b>		5	305,250	873,540	1,178,795

# TANFIELD ENGINEERING SYSTEMS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	1,875,812		1,124,942	
Interest paid		(347,860)		(266,202)	
Income taxes (paid)/refunded		(61,751)		24,541	
<b>Net cash inflow from operating activities</b>		<u>1,466,201</u>		<u>883,281</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(240,636)		(128,084)	
Proceeds from disposal of tangible fixed assets		10,231		-	
<b>Net cash used in investing activities</b>		<u>(230,405)</u>		<u>(128,084)</u>	
<b>Financing activities</b>					
Repayment of borrowings		(323,577)		(349,567)	
Payment of finance leases obligations		(85,819)		(89,574)	
Dividends paid		(87,000)		(91,400)	
<b>Net cash used in financing activities</b>		<u>(496,396)</u>		<u>(530,541)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>739,400</u>		<u>224,656</u>	
Cash and cash equivalents at beginning of year		336,065		111,409	
<b>Cash and cash equivalents at end of year</b>		<u><u>1,075,465</u></u>		<u><u>336,065</u></u>	



# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 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:

Land and buildings	2% per annum on a straight line basis
Plant and machinery	10% per annum on a straight line basis
Fixtures and fittings	10% per annum on a straight line basis
Computer equipment	10% per annum on a straight line basis
Motor vehicles	10% per annum on a straight line basis

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.

### 1.7 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

### 1.8 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.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **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.

#### **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.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

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

**1.9 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.

**1.10 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.

**1.11 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.

**1.12 Retirement benefits**

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

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies (Continued)

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

#### 1.14 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.

Coronavirus Job Retention Scheme grants are accounted for on accruals basis and are included within Other operating income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Other revenue</b>		
Grants received	-	2,068
	<u>          </u>	<u>          </u>

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(2,068)
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	-
Depreciation of owned tangible fixed assets	212,399	205,716
Loss on disposal of tangible fixed assets	5,557	-
Amortisation of intangible assets	41,610	29,435
Operating lease charges	175,003	174,999
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2023	2022
	Number	Number
Production	101	100
Administration	8	8
Directors	1	1
	<u>          </u>	<u>          </u>
Total	110	109
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,170,800	2,945,308
Social security costs	301,148	267,479
Pension costs	61,828	55,638
	<u>          </u>	<u>          </u>
	3,533,776	3,268,425
	<u>          </u>	<u>          </u>

### 6 Director's remuneration

	2023	2022
	£	£
Remuneration for qualifying services	12,840	12,570
	<u>          </u>	<u>          </u>

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 7 Interest payable and similar expenses

	2023	2022
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	61,814	80,208
Other interest on financial liabilities	277,909	176,913
	<u>339,723</u>	<u>257,121</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	6,296	7,552
Other interest	1,841	1,529
	<u>347,860</u>	<u>266,202</u>

### 8 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	164,043	61,751
Adjustments in respect of prior periods	-	(24,541)
	<u>164,043</u>	<u>37,210</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	59,327	57,709
	<u>223,370</u>	<u>94,919</u>

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:

	2023	2022
	£	£
Profit before taxation	957,594	544,546
	<u>181,943</u>	<u>103,464</u>
Expected tax charge based on the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19.00% (2022: 19.00%)	181,943	103,464
Tax effect of expenses that are not deductible in determining taxable profit	9,316	9,316
Adjustments in respect of prior years	-	(10,560)
Effect of change in corporation tax rate on deferred tax	87,087	-
Permanent capital allowances in excess of depreciation	(12,606)	(7,301)
Deferred tax adjustments in respect of prior years	(42,370)	-
	<u>223,370</u>	<u>94,919</u>
Taxation charge for the year	223,370	94,919

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 9 Dividends

	2023 £	2022 £
Interim paid	87,000	91,400

### 10 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	294,350
<b>Amortisation and impairment</b>	
At 1 April 2022	117,740
Amortisation charged for the year	41,610
At 31 March 2023	159,350
<b>Carrying amount</b>	
At 31 March 2023	135,000
At 31 March 2022	176,610

### 11 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 April 2022	396,125	2,039,372	96,408	69,673	16,500	2,618,078
Additions	-	196,566	19,135	5,435	19,500	240,636
Disposals	-	(9,900)	-	(10,231)	(10,000)	(30,131)
At 31 March 2023	396,125	2,226,038	115,543	64,877	26,000	2,828,583
<b>Depreciation and impairment</b>						
At 1 April 2022	43,451	857,321	35,508	29,074	8,171	973,525
Depreciation charged in the year	9,230	184,703	9,807	7,196	1,463	212,399
Eliminated in respect of disposals	-	(7,260)	-	-	(7,083)	(14,343)
At 31 March 2023	52,681	1,034,764	45,315	36,270	2,551	1,171,581
<b>Carrying amount</b>						
At 31 March 2023	343,444	1,191,274	70,228	28,607	23,449	1,657,002
At 31 March 2022	352,674	1,182,051	60,900	40,599	8,329	1,644,553

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and machinery	160,000	325,125

Tangible fixed assets were valued on an open market basis on 30 March 2018 by Tanfield Engineering Systems Limited.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	2023 £	2022 £
Cost	1,071,070	1,080,970
Accumulated depreciation	(576,217)	(507,921)
Carrying value	494,853	573,049

### 12 Stocks

	2023 £	2022 £
Raw materials and consumables	652,661	601,492
Work in progress	383,819	601,000
Finished goods and goods for resale	76,944	75,300
	1,113,424	1,277,792

### 13 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,144,664	3,745,869
Other debtors	29,736	300
Prepayments and accrued income	94,179	64,597
	4,268,579	3,810,766

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

	Notes	2023 £	2022 £
Obligations under finance leases	17	15,000	85,819
Other loans	16	105,121	283,350
Trade creditors		2,787,216	1,889,316
Corporation tax		164,043	61,751
Other taxation and social security		261,307	214,684
Other creditors		2,849,945	3,271,274
Accruals and deferred income		248,475	167,432
		<u>6,431,107</u>	<u>5,973,626</u>

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

	Notes	2023 £	2022 £
Obligations under finance leases	17	-	15,000
Other loans	16	276,705	422,053
		<u>276,705</u>	<u>437,053</u>

### 16 Loans and overdrafts

	2023 £	2022 £
Other loans	381,826	705,403
	<u>381,826</u>	<u>705,403</u>
Payable within one year	105,121	283,350
Payable after one year	276,705	422,053
	<u>381,826</u>	<u>705,403</u>

Loans totalling £203,066 (2022 - £489,953) are secured by fixed and floating charges over the company's assets.

### 17 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	19,245	107,988
In two to five years	-	19,245
	<u>19,245</u>	<u>127,233</u>
Less: future finance charges	(4,245)	(26,414)
	<u>15,000</u>	<u>100,819</u>

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 17 Finance lease obligations (Continued)

Obligations under finance leases are secured against the assets to which they relate.

### 18 Secured debt

The following other secured debt is included within creditors:

Other creditors £2,821,453 (2022 - £3,240,568)

Other creditors are secured by way of a fixed and floating charge over the company's assets.

### 19 Deferred taxation

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

	Liabilities 2023	Liabilities 2022
	£	£
<b>Balances:</b>		
Accelerated capital allowances	261,113	183,836
Revaluations	101,750	119,700
	362,863	303,536
	362,863	303,536
 <b>Movements in the year:</b>		<b>2023</b>
		£
Liability at 1 April 2022		303,536
Charge to profit or loss		59,327
		362,863
		362,863
 <b>20 Retirement benefit schemes</b>		
	<b>2023</b>	<b>2022</b>
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	61,828	55,638
	61,828	55,638
	61,828	55,638

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.

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 21 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary A shares of £1 each	1	1	1	1
Ordinary B shares of £1 each	1	1	1	1
Ordinary C shares of £1 each	1	1	1	1
Ordinary D shares of £1 each	1	1	1	1
Ordinary E shares of £1 each	1	1	1	1
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The Ordinary A, B, C and D shares all have full voting, dividend and capital distribution rights. The Ordinary E shares have no voting rights and no rights to capital.

### 22 Operating lease commitments

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

	2023	2022
	£	£
Within one year	175,000	170,000
Between two and five years	175,000	340,000
	<u>350,000</u>	<u>510,000</u>

### 23 Related party transactions

At the year end the company had amounts due to the director of £178,760 (2022 - £215,450).

# TANFIELD ENGINEERING SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

<b>24 Cash generated from operations</b>	<b>2023</b>	<b>2022</b>
	£	£
Profit for the year after tax	734,224	449,627
<b>Adjustments for:</b>		
Taxation charged	223,370	94,919
Finance costs	347,860	266,202
Loss on disposal of tangible fixed assets	5,557	-
Amortisation and impairment of intangible assets	41,610	29,435
Depreciation and impairment of tangible fixed assets	212,399	205,716
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	164,368	(361,228)
Increase in debtors	(457,813)	(1,747,484)
Increase in creditors	604,237	2,187,755
<b>Cash generated from operations</b>	<b>1,875,812</b>	<b>1,124,942</b>

<b>25 Analysis of changes in net funds/(debt)</b>	<b>1 April 2022</b>	<b>Cash flows</b>	<b>31 March 2023</b>
	£	£	£
Cash at bank and in hand	336,065	739,400	1,075,465
Borrowings excluding overdrafts	(705,403)	323,577	(381,826)
Obligations under finance leases	(100,819)	85,819	(15,000)
	<u>(470,157)</u>	<u>1,148,796</u>	<u>678,639</u>

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