

Company registration number 01460851 (England and Wales)

SIL-MID LIMITED
STRATEGIC REPORT OF THE DIRECTORS AND AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

SIL-MID LIMITED

COMPANY INFORMATION

Director	Mr Andrew Nickson
Company number	01460851
Registered office	Unit 1 & 2 Roman Park Roman Way Coleshill Birmingham United Kingdom B46 1HG
Auditor	BK Plus Audit Limited 2 Highlands Court Cranmore Avenue Solihull West Midlands B90 4LE

SIL-MID LIMITED

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SIL-MID LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business

The company operates as a distributor of sealants and lubricants in the United Kingdom and overseas markets. The company's results for the year confirm a profit after taxation of £3,986,102 (2021: £1,924,829) was achieved.

Principal risks and uncertainties

General risks

The company is exposed to risks within the markets it operates in and also the general business environment. Factors such as increased competition or loss of customers or suppliers would all affect the company's future performance and we continue to monitor these factors, as demonstrated by the results of the current year we have taken steps to overcome these risks and will continue to minimise the risks wherever possible. With these risks and uncertainties in mind, we are aware that any plans for future development of the business may be subject to unforeseen future events outside our control.

Financial risks

Financial risks focus on Liquidity risk which is mitigated by a strong balance sheet position and ongoing support from the company's ultimate parent company. There is a currency risk but the director enforces prudent accounting policies across the group resulting in financial stability. The director believes that the Group's financial processes in place will continue to result in adequate reserves permitting mitigation of the currency risks.

Development and performance

The significant growth in sales has ensured that the company's market position has continued to strengthen. The director is pleased with the net profit achieved during the year.

Key performance indicators

The Key Performance Indicators help the company to measure performance against our strategic priorities and business plan. We consider our financial Key Performance Indicators to be those ratios which communicate the financial performance of the company as a whole.

		2022	2021
Increase in turnover	43.9%	14.6%	
Increase in operating profit	108.1%	26.1%	
Increase in gross profit	52.7%	16.8%	

The Key Performance Indicators confirm the company's continuing improved performance.

On behalf of the board

Mr Andrew Nickson

Director

20 July 2023

SIL-MID LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of distributors of sealants and lubricants.

Results and dividends

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

Ordinary dividends were paid amounting to £3,100,000. The director does not recommend payment of a further dividend.

Director

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

Mr Andrew Nickson

Future developments

The company continues to operate within the aviation sector supplying customers in the United Kingdom and overseas. The cessation of global Covid 19 restrictions will continue to present opportunities for the company to make further progress in this market place. However, there are still challenges ahead within this sector which the company's strategic plan must address and overcome. The worsening United Kingdom economy and global economy present potential financial constraints, in addition the ongoing war in Ukraine will inevitably result in potential supply chain issues. The company's director and management team are confident that the initiatives already put in place will mitigate any disruption ensuring the company can continue to supply its product resulting in both increased turnover and profitability and continual strengthening of the company's market position.

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.

SIL-MID LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

On behalf of the board

Mr Andrew Nickson
Director

20 July 2023

SIL-MID LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIL-MID LIMITED

Opinion

We have audited the financial statements of Sil-Mid Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, 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 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 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.

SIL-MID LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIL-MID LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

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

Responsibilities of director

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over this risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Performing audit work over the risk of understatement of turnover including analytical review and obtaining corroborated explanations from management.

SIL-MID LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SIL-MID LIMITED

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.

Paul Mannion FCCA, FCA
Senior Statutory Auditor
For and on behalf of BK Plus Audit Limited

20 July 2023

Chartered Certified Accountants
Statutory Auditor

2 Highlands Court
Cranmore Avenue
Solihull
West Midlands
B90 4LE

SIL-MID LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	31,434,093	21,842,756
Cost of sales		(22,327,888)	(15,878,618)
Gross profit		9,106,205	5,964,138
Distribution costs		(22,992)	(19,019)
Administrative expenses		(4,320,768)	(3,656,838)
Operating profit	4	4,762,445	2,288,281
Interest receivable and similar income		18,764	86
Interest payable and similar expenses		-	(4,257)
Profit before taxation		4,781,209	2,284,110
Tax on profit	7	(795,107)	(359,281)
Profit for the financial year		3,986,102	1,924,829

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

SIL-MID LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	3,986,102	1,924,829
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,986,102</u>	<u>1,924,829</u>

SIL-MID LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	9		513,757		374,226
Current assets					
Stocks	10	3,655,825		2,881,458	
Debtors	11	7,842,780		7,905,922	
Cash at bank and in hand		3,853,766		1,607,479	
		<u>15,352,371</u>		<u>12,394,859</u>	
Creditors: amounts falling due within one year	12	<u>(6,119,698)</u>		<u>(3,947,278)</u>	
Net current assets			<u>9,232,673</u>		<u>8,447,581</u>
Total assets less current liabilities			<u>9,746,430</u>		<u>8,821,807</u>
Provisions for liabilities					
Deferred tax liability	13	<u>114,461</u>		<u>75,940</u>	
			<u>(114,461)</u>		<u>(75,940)</u>
Net assets			<u><u>9,631,969</u></u>		<u><u>8,745,867</u></u>
Capital and reserves					
Called up share capital	15		5,000		5,000
Capital redemption reserve			5,000		5,000
Profit and loss reserves			<u>9,621,969</u>		<u>8,735,867</u>
Total equity			<u><u>9,631,969</u></u>		<u><u>8,745,867</u></u>

The financial statements were approved and signed by the director and authorised for issue on 20 July 2023

Mr Andrew Nickson
Director

Company Registration No. 01460851

SIL-MID LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2021	5,000	5,000	6,818,638	6,828,638
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	1,924,829	1,924,829
Dividends	8	-	(7,600)	(7,600)
Balance at 31 December 2021	5,000	5,000	8,735,867	8,745,867
Year ended 31 December 2022:				
Profit and total comprehensive income for the year	-	-	3,986,102	3,986,102
Dividends	8	-	(3,100,000)	(3,100,000)
Balance at 31 December 2022	5,000	5,000	9,621,969	9,631,969

SIL-MID LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	19	6,153,068		1,927,020	
Interest paid		-		(4,257)	
Income taxes paid		(606,863)		(423,736)	
Net cash inflow from operating activities		5,546,205		1,499,027	
Investing activities					
Purchase of tangible fixed assets		(226,032)		(55,401)	
Proceeds from disposal of tangible fixed assets		7,350		-	
Interest received		18,764		86	
Net cash used in investing activities		(199,918)		(55,315)	
Financing activities					
Loan to parent company		-		(3,360,275)	
Dividends paid		(3,100,000)		(7,600)	
Net cash used in financing activities		(3,100,000)		(3,367,875)	
Net increase/(decrease) in cash and cash equivalents		2,246,287		(1,924,163)	
Cash and cash equivalents at beginning of year		1,607,479		3,531,642	
Cash and cash equivalents at end of year		3,853,766		1,607,479	

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Sil-Mid Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 & 2 Roman Park, Roman Way, Coleshill, Birmingham, United Kingdom, B46 1HG.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

Related Party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102. "The financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with its parent undertaking.

1.2 Going concern

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

1.3 Turnover

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

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

1.4 Tangible fixed assets

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

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:

Leasehold land and buildings	straight line over the life of the lease
Plant and machinery	20% on reducing balance
Fixtures and fittings	33% on cost, 20% on cost and 15% on reducing balance

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.

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and are based on the method most appropriate to the type of inventory class, but usually first in, first out. Overheads are charged to profit and loss as incurred. Estimated selling price less costs to complete and sell is based on estimated selling price of the goods less any estimated completion or selling costs likely to be incurred on the sale.

When stock is sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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.

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

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.

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

1.13 Leases

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

1.14 Foreign exchange

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

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

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	19,640,316	14,119,650
Foreign Markets	11,793,777	7,723,106
	<u>31,434,093</u>	<u>21,842,756</u>
	2022	2021
	£	£
Other revenue		
Interest income	18,764	86
	<u>18,764</u>	<u>86</u>

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(104,934)	15,690
Fees payable to the company's auditor for the audit of the company's financial statements	37,769	9,000
Depreciation of owned tangible fixed assets	80,628	98,154
Profit on disposal of tangible fixed assets	(1,477)	-
Operating lease charges	167,174	155,528
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Office and administrative	44	45
Warehouse Operatives	19	13
	<u> </u>	<u> </u>
Total	63	58
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,540,615	2,082,461
Social security costs	277,631	204,146
Pension costs	89,321	71,284
	<u> </u>	<u> </u>
	2,907,567	2,357,891
	<u> </u>	<u> </u>

6 Director's remuneration

	2022	2021
	£	£
Remuneration for qualifying services	192,438	164,331
Company pension contributions to defined contribution schemes	11,356	9,020
	<u> </u>	<u> </u>
	203,794	173,351
	<u> </u>	<u> </u>

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

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	756,586	348,512
	<u>756,586</u>	<u>348,512</u>
Deferred tax		
Origination and reversal of timing differences	38,521	10,769
	<u>38,521</u>	<u>10,769</u>
Total tax charge	795,107	359,281
	<u>795,107</u>	<u>359,281</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:

	2022	2021
	£	£
Profit before taxation	4,781,209	2,284,110
	<u>4,781,209</u>	<u>2,284,110</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	908,430	433,981
Tax effect of expenses that are not deductible in determining taxable profit	1,466	1,212
Effect of change in corporation tax rate	9,245	18,226
Group relief	(111,150)	(92,625)
Capital allowances super deduction	(12,884)	(1,513)
	<u>795,107</u>	<u>359,281</u>
Taxation charge for the year	795,107	359,281
	<u>795,107</u>	<u>359,281</u>
8 Dividends		
	2022	2021
	£	£
Final paid	3,100,000	7,600
	<u>3,100,000</u>	<u>7,600</u>

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2022	198,854	542,142	544,607	1,285,603
Additions	1,401	21,381	203,250	226,032
Disposals	-	(10,350)	-	(10,350)
At 31 December 2022	<u>200,255</u>	<u>553,173</u>	<u>747,857</u>	<u>1,501,285</u>
Depreciation and impairment				
At 1 January 2022	149,105	358,797	403,475	911,377
Depreciation charged in the year	5,394	35,561	39,673	80,628
Eliminated in respect of disposals	-	(4,477)	-	(4,477)
At 31 December 2022	<u>154,499</u>	<u>389,881</u>	<u>443,148</u>	<u>987,528</u>
Carrying amount				
At 31 December 2022	<u>45,756</u>	<u>163,292</u>	<u>304,709</u>	<u>513,757</u>
At 31 December 2021	<u>49,749</u>	<u>183,345</u>	<u>141,132</u>	<u>374,226</u>
10 Stocks			2022	2021
			£	£
Finished goods and goods for resale			<u>3,655,825</u>	<u>2,881,458</u>
11 Debtors			2022	2021
Amounts falling due within one year:			£	£
Trade debtors			3,435,899	2,454,485
Amounts owed by group undertakings			4,031,772	5,071,884
Other debtors			225,032	172,889
Prepayments and accrued income			150,077	206,664
			<u>7,842,780</u>	<u>7,905,922</u>

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	5,496,887	3,569,934
Amounts owed to group undertakings	4,647	-
Corporation tax	263,660	113,937
Other taxation and social security	60,003	46,414
Other creditors	82,302	82,256
Accruals and deferred income	212,139	134,737
	<u>6,119,698</u>	<u>3,947,278</u>

13 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	<u>114,461</u>	<u>75,940</u>
Movements in the year:		2022
		£
Liability at 1 January 2022		75,940
Charge to profit or loss		38,521
Liability at 31 December 2022		<u>114,461</u>

14 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>89,321</u>	<u>71,284</u>

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

15 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Operating lease commitments

Lessee

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

	2022	2021
	£	£
Within one year	184,945	195,302
Between two and five years	438,168	622,235
	<u>623,113</u>	<u>817,537</u>

17 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	<u>394,415</u>	<u>164,331</u>

18 Ultimate controlling party

The company is a wholly owned subsidiary of Cildarn Limited. Cildarn Limited is a wholly owned subsidiary of Gracoroberts UK Limited. Both companies are registered in England and Wales. A copy of the parent's consolidated financial statements can be obtained from Units 1 & 2 Roman Park, Roman Way, Coleshill, Birmingham, West Midlands, B46 1HG.

The ultimate controlling party is Lenticular Holdings, Inc., a company registered in Delaware, United States of America.

SIL-MID LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19	Cash generated from operations			
		2022	2021	
		£	£	
	Profit for the year after tax	3,986,102	1,924,829	
	Adjustments for:			
	Taxation charged	795,107	359,281	
	Finance costs	-	4,257	
	Investment income	(18,764)	(86)	
	Gain on disposal of tangible fixed assets	(1,477)	-	
	Depreciation and impairment of tangible fixed assets	80,628	98,154	
	Movements in working capital:			
	Increase in stocks	(774,367)	(918,201)	
	Decrease/(increase) in debtors	63,142	(449,182)	
	Increase in creditors	2,022,697	907,968	
	Cash generated from operations	<u>6,153,068</u>	<u>1,927,020</u>	
20	Analysis of changes in net funds			
		1 January 2022	Cash flows	31 December
		£	£	2022
				£
	Cash at bank and in hand	1,607,479	2,246,287	3,853,766
		<u>1,607,479</u>	<u>2,246,287</u>	<u>3,853,766</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.