

Company registration number 00376071 (England and Wales)

OXLEY DEVELOPMENTS COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

OXLEY DEVELOPMENTS COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr D M Cavan Mr M Jordan Mr P T Sheldon
Secretary	Squire Patton Boggs Secretarial Services Limited
Company number	00376071
Registered office	Priory Park Ulverston Cumbria United Kingdom LA12 9QG
Auditor	Azets Audit Services Fleet House New Road Lancaster United Kingdom LA1 1EZ

OXLEY DEVELOPMENTS COMPANY LIMITED

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OXLEY DEVELOPMENTS COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present the strategic report for the year ended 30 September 2023.

Review of the business

Revenue increased 14% to £13.0m in 2023 (2022: £11.4m). LED Lighting Systems remains a key strategic growth product group, which has seen significant revenue growth across the previous year up to £4.5m (2022: £2.6m). Sales volume growth is consistent across all geographical areas, as we continue to develop opportunities and customer relationships across the globe. The post-tax profit of £418,166 (2022: £331,107), remains consistent year-on-year with the sales volume growth offsetting inflationary material and labour cost increases impacting the product cost through the year.

Positive signs of increased global defence budgetary spend has been experienced by the Company during the year, with increased levels of orders and sales. The order book stood at £13.0m (2022: £11.4m) reflecting the increasing level of order receipts in the year £16.4m (2022: £14.2m). The long-term nature of our business and our forward orderbook both provide a level of confidence in respect of trading in years to come. The Company is optimistic that 2024 looks set to achieve further revenue growth from the level achieved in 2023.

The cash balance fell to £1.5m in 2023 (2022: £2.0m), predominately due to the self-funded investment into the Group ERP system, however the net asset position improved at the end of 2023 to £6.5m (2022: £6.1m).

During 2023, the Company continued to make significant investments in people, resources, and capital equipment, including the completion of the new Group ERP System implementation project in March 2023. The Company has invested further in its workforce during the year, by implementing a change to working patterns and a skilled based salary framework in Operational areas. These investments are to support the Company's strategy to build resilience and to support future growth.

The Company continues to utilise its UK based Design and Development teams, and extensive internal manufacturing capabilities and facilities, to support customer commitments and programmes. The Company is also able to draw support from its sister company Oxley Inc, Connecticut, USA, with Assembly and testing capabilities.

Oxley Developments Company has continued to engage in a UK Government funded regional growth program called Sharing in Growth. This program provides funding for training and process improvements across the business. Over the next year, this program will enhance product line profitability in the UK and overall Oxley Group product margins. This program is delivering tangible positive results to the business.

Principal risks and uncertainties

The principal risks and uncertainties facing the business relate to pressures in the supply chain; driven by labour shortages, raw material cost and energy cost increases and increased lead-times. Additionally, changes in government defence spending policies in key markets, including the USA, can fluctuate and impact the Company's future results. The Company has a broad customer and supplier base across many countries throughout the world, that provides a degree of protection against these risks.

Contracts and technological developments can be long term and complex, it is crucial the Company regularly manages these risks and uncertainties to ensure projects are completed timely and to cost.

The Company is planning to make further progress selling variants of established and new product lines particularly into aerospace applications and military land vehicles. Growth in these sectors is forecast to increase over the coming decade generating firm orders and volume production from an expanding global customer base.

OXLEY DEVELOPMENTS COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Research and development

The directors recognise that to retain the Company's competitive advantage in the industries that it operates, investment in research and development is essential. Equipment and people in the Company's design and development team is one of the key areas benefitting from continuous investment from the business.

There has been growth in the level of customer funded contracts and internally funded research projects this year, that has contributed to the product development activities and expansion of the Company's product portfolio; this is anticipated to continue.

Environment

The Company recognises its responsibilities to minimise its environmental impact and strive to integrate sustainable practices across our business operations. The Company continues to focus on areas and policies to reduce consumption, waste and emissions, drive efficiencies and innovation and increase recycling.

Key performance indicators

The directors monitor key performance indicators at a company level to review the development, performance or position of the business. These include:

- Sales growth
- Gross margin
- Operating profit
- Cash balance position
- Head count evolution

On behalf of the board

Mr P T Sheldon
Director

8 April 2024

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their annual report and financial statements for the year ended 30 September 2023.

Principal activities

The Company focuses on designing and the manufacture of innovative and state of the art technology, recognising the increasing complexity of the products and services required by our global customers. Oxley Developments Company Limited continues to provide advanced solutions for both defence and civil aerospace applications and other highly regulated defence markets.

Results and dividends

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

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

Directors

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

Mr D M Cavan
Mr M Jordan
Mr P T Sheldon

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

OXLEY DEVELOPMENTS COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

On behalf of the board

Mr P T Sheldon
Director

8 April 2024

OXLEY DEVELOPMENTS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY LIMITED

Opinion

We have audited the financial statements of Oxley Developments Company Limited (the 'company') for the year ended 30 September 2023 which comprise the statement of income and retained earnings, the balance sheet 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 30 September 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

OXLEY DEVELOPMENTS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY 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 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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.

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.

OXLEY DEVELOPMENTS COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXLEY DEVELOPMENTS COMPANY LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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 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.

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.

Susanna Cassey
Senior Statutory Auditor
For and on behalf of Azets Audit Services

22 April 2024

Chartered Accountants
Statutory Auditor

Fleet House
New Road
Lancaster
United Kingdom
LA1 1EZ

OXLEY DEVELOPMENTS COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	13,032,549	11,367,346
Cost of sales		(7,745,878)	(6,418,657)
Gross profit		5,286,671	4,948,689
Distribution costs		(885,914)	(639,185)
Administrative expenses		(4,635,030)	(4,085,884)
Other operating income		601,480	194,585
Operating profit	4	367,207	418,205
Interest receivable and similar income	8	143	-
Interest payable and similar expenses	9	(111,017)	(87,098)
Profit before taxation		256,333	331,107
Tax on profit	10	161,833	-
Profit for the financial year		418,166	331,107
Retained earnings brought forward		1,918,998	1,587,891
Retained earnings carried forward		2,337,164	1,918,998

OXLEY DEVELOPMENTS COMPANY LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		2,354,343		545,975
Tangible assets	12		1,266,855		2,374,777
			<u>3,621,198</u>		<u>2,920,752</u>
Current assets					
Stocks	13	3,709,619		3,626,360	
Debtors	14	3,892,467		3,554,662	
Cash at bank and in hand		1,468,613		2,001,686	
		<u>9,070,699</u>		<u>9,182,708</u>	
Creditors: amounts falling due within one year	15	<u>(5,903,584)</u>		<u>(5,654,624)</u>	
Net current assets			<u>3,167,115</u>		<u>3,528,084</u>
Total assets less current liabilities			<u>6,788,313</u>		<u>6,448,836</u>
Provisions for liabilities					
Provisions	16	<u>250,698</u>	<u>(250,698)</u>	<u>329,387</u>	<u>(329,387)</u>
Net assets			<u>6,537,615</u>		<u>6,119,449</u>
Capital and reserves					
Called up share capital	18		4,200,451		4,200,451
Profit and loss reserves			2,337,164		1,918,998
Total equity			<u>6,537,615</u>		<u>6,119,449</u>

The financial statements were approved by the board of directors and authorised for issue on 8 April 2024 and are signed on its behalf by:

Mr D M Cavan
Director

Mr P T Sheldon
Director

Company Registration No. 00376071

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Company information

Oxley Developments Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Priory Park, Ulverston, Cumbria, United Kingdom, LA12 9QG.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Oxley Group Limited. These consolidated financial statements are available from its registered office, Priory Park, Ulverston, Cumbria, LA12 9QG.

1.2 Going concern

The Group Board have a reasonable expectation of the continuing viability of the company during the current period of economic volatility. Customers continue to place increased orders and sale commitments, and are keen to receive and, in some cases, expedite deliveries. However, our supply chain has been affected by the impact of inflation and increased supplier lead times, which has delayed our delivery times to customers.

The Directors prepare a detailed annual budget and three year business plan showing that they expect the company to be profitable over this period and remain within its facilities. Over the last three years, additional financial modelling has been performed for the Group, for a range of different scenarios, to establish the scope of the stresses that could impact the business, and this has shown that the business is still viable.

Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies (Continued)

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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software	5 years straight line
Development costs	10 years straight line

1.6 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 improvements	20 years straight line
Plant and equipment	5 years straight line
Fixtures and fittings	3 years straight line

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.

Assets in the course of construction are not depreciated.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

1.8 Stocks

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

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

1.9 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.

1.10 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.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

1.11 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.

1.12 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.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 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.

1.15 Retirement benefits

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

1.16 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.

1.17 Government grants

Government grants are recognised at the fair value of the asset received.

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

1.18 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.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

2 Judgements and key sources of estimation uncertainty

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

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

The Directors consider the key judgements and uncertainties relevant to the financial statements to be in respect to the carrying value of stock, debtors and intangible assets. The Directors apply their experience and knowledge of the industry to determine whether the carrying values and where relevant, useful economic lives, are appropriate, and make provisions to reduce the carrying value where necessary.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	2,902,659	2,602,286
Rest of European Union	4,729,482	4,030,304
Rest of world	5,400,408	4,734,756
	<u>13,032,549</u>	<u>11,367,346</u>
	2023	2022
	£	£
Other revenue		
Interest income	143	-
Royalty income	165,769	189,690
Grants received	-	518
Other scrap sales	30,881	4,377
	<u>30,881</u>	<u>4,377</u>

Grants received in the prior year relate to government job retention scheme grants for furloughed staff.

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	145,755	(159,480)
Research and development costs	903,414	687,819
Government grants	-	(518)
Depreciation of owned tangible fixed assets	268,045	350,969
Amortisation of intangible assets	277,351	100,000
Operating lease charges	117,771	58,034
	<u>1,709,336</u>	<u>1,136,815</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

5 Auditor's remuneration	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	16,300	13,500
	<u> </u>	<u> </u>

6 Employees

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

	2023	2022
	Number	Number
Office and management	31	28
Manufacturing	122	114
	<u> </u>	<u> </u>
Total	153	142
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	5,441,132	4,557,368
Social security costs	427,910	477,774
Pension costs	179,704	192,074
	<u> </u>	<u> </u>
	6,048,746	5,227,216
	<u> </u>	<u> </u>

7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	100,000	87,588
Company pension contributions to defined contribution schemes	7,000	6,096
	<u> </u>	<u> </u>
	107,000	93,684
	<u> </u>	<u> </u>

8 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	143	-
	<u> </u>	<u> </u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	17,921	15,432
Interest payable to group undertakings	93,059	71,666
Other interest	37	-
	<u>111,017</u>	<u>87,098</u>

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	(81,888)	-
Adjustments in respect of prior periods	(79,945)	-
	<u>(161,833)</u>	<u>-</u>

The actual (credit)/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	<u>256,333</u>	<u>331,107</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 22.01% (2022: 19.00%)	56,419	62,910
Tax effect of expenses that are not deductible in determining taxable profit	(5,541)	435
Tax effect of utilisation of tax losses not previously recognised	-	73,593
Change in unrecognised deferred tax assets	(132,910)	-
Permanent capital allowances in excess of depreciation	-	(161,464)
Depreciation on assets not qualifying for tax allowances	2,988	3,606
Amortisation on assets not qualifying for tax allowances	61,936	19,000
Research and development tax credit	(49,354)	(4,147)
Other non-reversing timing differences	-	5,999
Other permanent differences	-	68
Under/(over) provided in prior years	(79,946)	-
Effect of superdeduction	(15,425)	-
	<u>(161,833)</u>	<u>-</u>

The company has tax losses of £3,686,871 (2022: £3,771,965) carried forward which will reduce tax payments in future years if suitable tax profits arise. A deferred asset has not been recognised in respect of these losses.

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

11 Intangible fixed assets

	Software	Development costs	Total
	£	£	£
Cost			
At 1 October 2022	-	1,358,593	1,358,593
Additions - internally developed	-	617,236	617,236
Disposals	-	(80,199)	(80,199)
Transfers	1,517,272	-	1,517,272
At 30 September 2023	1,517,272	1,895,630	3,412,902
Amortisation and impairment			
At 1 October 2022	-	812,618	812,618
Amortisation charged for the year	151,727	125,624	277,351
Disposals	-	(31,410)	(31,410)
At 30 September 2023	151,727	906,832	1,058,559
Carrying amount			
At 30 September 2023	1,365,545	988,798	2,354,343
At 30 September 2022	-	545,975	545,975

12 Tangible fixed assets

	Leasehold improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 October 2022	1,032,540	1,016,214	5,513,522	1,349,970	8,912,246
Additions	7,981	549,898	76,140	43,377	677,396
Disposals	-	-	(202,247)	-	(202,247)
Transfers	48,839	(1,566,112)	-	-	(1,517,273)
At 30 September 2023	1,089,360	-	5,387,415	1,393,347	7,870,122
Depreciation and impairment					
At 1 October 2022	200,409	-	5,057,039	1,280,021	6,537,469
Depreciation charged in the year	53,995	-	167,880	46,170	268,045
Eliminated in respect of disposals	-	-	(202,247)	-	(202,247)
At 30 September 2023	254,404	-	5,022,672	1,326,191	6,603,267
Carrying amount					
At 30 September 2023	834,956	-	364,743	67,156	1,266,855
At 30 September 2022	832,131	1,016,214	456,483	69,949	2,374,777

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

12 Tangible fixed assets (Continued)

The carrying value of leasehold improvements comprises:

	2023 £	2022 £
Short leasehold	834,956	832,131

13 Stocks

	2023 £	2022 £
Raw materials and consumables	333,057	208,917
Work in progress	2,881,655	3,072,075
Finished goods and goods for resale	494,907	345,368
	<u>3,709,619</u>	<u>3,626,360</u>

14 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,635,657	1,816,726
Corporation tax recoverable	461,406	252,843
Amounts owed by group undertakings	1,070,712	602,308
Other debtors	391,249	244,883
Prepayments and accrued income	333,443	637,902
	<u>3,892,467</u>	<u>3,554,662</u>

Included within prepayments and accrued income is £91,344 (2022 - £356,837) of amounts due from customers in relation to ongoing contract work.

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,048,447	1,005,810
Amounts owed to group undertakings	3,807,814	3,418,270
Taxation and social security	120,944	120,630
Other creditors	518,183	590,673
Accruals and deferred income	408,196	519,241
	<u>5,903,584</u>	<u>5,654,624</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

16 Provisions for liabilities

	2023 £	2022 £
	250,698	329,387
	<u>250,698</u>	<u>329,387</u>

Provisions include a warranty provision of £250,698 (2022: £329,387).

Movements on provisions:

	£
At 1 October 2022	329,387
Reversal of provision	(78,689)
	<u>250,698</u>
At 30 September 2023	<u>250,698</u>

17 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	179,704	192,074
	<u>179,704</u>	<u>192,074</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.

18 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 10p each	42,004,510	42,004,510	4,200,451	4,200,451
	<u>42,004,510</u>	<u>42,004,510</u>	<u>4,200,451</u>	<u>4,200,451</u>

19 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:

	2023 £	2022 £
Within one year	42,334	21,029
Between two and five years	45,664	2,928
	<u>87,998</u>	<u>23,957</u>

OXLEY DEVELOPMENTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	28,237	128,584

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Rental expenses	
	2023	2022
	£	£
Other related parties	105,400	105,150

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	3,200,992	2,811,277
Other related parties	633,172	633,344

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due from related parties		
Other related parties	1,070,712	628,764

Other information

The company has taken advantage of the exemption contained in Section 33 of Financial Reporting Standard 102 'Related Party Disclosures' from disclosing transactions entered into between two or more members of a group, where the entity is wholly owned and included within the consolidated financial statements that are publicly available.

22 Ultimate controlling party

The immediate parent company is Oxley Group Limited.

In the opinion of the Directors the ultimate parent company is Oxley International Limited, a company incorporated in Guernsey.

Consolidated financial statements are not prepared by Oxley International Limited and therefore Oxley Group Limited's financial statements are the consolidated financial statements of the largest and smallest group of which the company is a member. Consolidated accounts are available from the registered office.

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