

Registered number: 13587023

McGeoch Group Holdings Limited

Directors' Report and Financial Statements

For the Period Ended 31 December 2022

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McGeoch Group Holdings Limited

Company Information

Directors	Dr S Amer Mr N Hussain Mr J D'Ambrogio Mr G Randle Mr S Swallow
Registered number	13587023
Registered office	86 Lower Tower Street Birmingham West Midlands B19 3PA
Independent auditors	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH

McGeoch Group Holdings Limited

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Introduction

The directors present their strategic report for the financial period to 31 December 2022 below.

Since incorporation, the Company has become the ultimate parent undertaking of the McGeoch Technology Limited following a group reorganisation, which at the same time included a demerger of the ceramics and gases divisions. As a result of the reorganisation, the group has taken advantage of the merger accounting under Companies Act 2006 and as such the results shown are those for the year ended 31 December 2022 of all group companies as if the group had always been in place. The comparative information represents the same for the 12 months to 31 December 2021.

Business review

Despite challenging circumstances with external events such the Ukrainian conflict, cost increases and supply chain disruptions the Board is pleased that it managed to maintain continuity of supply and again achieved a positive trading result for 2022 with sales of £9m and EBITDA of £1.2m which represents a growth of 15% on sales and 18% on EBITDA over 2021.

Following the successful demerger from Precision Ceramics Ltd in 2021, The Group was able to bring greater focus on its core activities as a defence and maritime specialist.

The two previously merged companies continue to ultimately share common ownership and control thereby ensuring continuity of management oversight and financial support. Both owners and bankers continue to regard McGeoch Technology as part of a larger trading group and it accrues benefits from the combined financial strength of the group.

The group benefits from a healthy order book and there are significant prospects for growth in the order book in 2023 giving the business security and visibility of longer term revenue streams over several years.

The Ukraine conflict has resulted in a major change in the defence posture by the UK Government with the potential for substantially greater requirements for the defence maritime solutions that the business provides. This means that business prospects for the longer term are very encouraging.

The Group has maintained its commitment to R&D and engineering investment which has contributed to growth in the current year and the Board is confident of positive returns continuing into future years backed by program visibility.

Principal risks and uncertainties

The delivery and execution of the group's strategy is subject to a number of risks, these mainly relate to the level and timing of orders and material availability in the supply chain. In order to mitigate these risks the company works closely with its key customers and supply chain partners to secure stocks of long lead time items.

The group also consider liquidity risk and cashflow management as key to the business, and the Board continues to maintain a mixture of short and long term financing instruments to meets its foreseeable requirements.

McGeoch Group Holdings Limited

Group Strategic Report (continued)
For the Year Ended 31 December 2022

Financial key performance indicators

The Board continues to maintain a mixture of short and long term financing instruments to meets its requirements and the Board regularly monitors the group's progress using key performance indicators such as order intake, operating and gross margin results and management of working capital.

The board are pleased with the progress in the results this year when measured against those indicators

This report was approved by the board on 24 May 2023 and signed on its behalf.



Mr S Swallow
Director

McGeoch Group Holdings Limited

Directors' Report For the Year Ended 31 December 2022

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

Principal activity

The principal activity of the Company is that of a holding company of the Group, the principal activity of the Group continued to be the manufacture and assembly of electrical components for Defence and harsh industrial environments.

Directors

The directors who served during the year were:

Dr S Amer
Mr N Hussain
Mr J D'Ambrogio
Mr G Randle
Mr S Swallow

Results and dividends

The profit for the period, after taxation, amounted to £268,610 (2021 - £289,705).

The directors do not recommend payment of a final dividend for the period ended 31 December 2022 (2021 - £Nil). A dividend in specie was declared in the prior year in relation to the shares held in Precision Ceramics Limited of £10,000.

Going concern

The group's business activities together with factors likely to affect its future development and its financial position are described within the strategic report, this directors report and throughout the notes to the financial statements. The directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the directors are satisfied that the group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

Future developments

The directors maintain policies and a set strategy which have resulted in the group's performance over the recent years. The future indication of works on Defence is strong and the directors consider that the next few years will show improved and further growth from continuing operations and more from new markets.

Research and development activities

Research and development for the group is concentrated on its continuing activities and capitalised within intangible assets where it is identified as a specific project anticipated to generate future benefits. The group work extremely closely with its customers to ensure that any developments of new products or projects are executed to the specification needed to maintain its high standards of quality and durability.

Post balance sheet events

Following the period end, the subsidiaries William White & Co. (London) 1968 Limited and McGeoch Group Ltd were dissolved. There is no material impact to these financial statements as a result of this.

McGeoch Group Holdings Limited

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Auditors

The auditors, Dains Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 May 2023 and signed on its behalf.



Mr S Swallow
Director

Opinion

We have audited the financial statements of McGeoch Group Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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 Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

McGeoch Group Holdings Limited

Independent Auditors' Report to the Members of McGeoch Group Holdings Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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 Auditors' 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.



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of
Dains Audit Limited

Statutory Auditor Chartered Accountants

Birmingham

24 May 2023

McGeoch Group Holdings Limited

Consolidated Profit and Loss Account
For the Period Ended 31 December 2022

	Note	Continuing operations 2022 £	Demerged operations 2022 £	Total 2022 £	Continuing operations 2021 £	Demerged operations 2021 £	Total 2021 £
Turnover	4	9,049,752	-	9,049,752	7,840,634	4,493,507	12,334,141
Cost of sales		(7,236,345)	-	(7,236,345)	(6,072,036)	(3,315,986)	(9,388,022)
Gross profit		1,813,407	-	1,813,407	1,768,598	1,177,521	2,946,119
Distribution costs		(624,939)	-	(624,939)	(429,252)	(433,446)	(862,698)
Administrative expenses		(913,019)	-	(913,019)	(1,101,581)	(523,298)	(1,624,879)
Other operating income	5	-	-	-	6,000	-	6,000
Operating profit	6	275,449	-	275,449	243,765	220,777	464,542
Profit from demerged and disposed subsidiaries		7,899	-	7,899	-	222,444	222,444
Interest payable and similar expenses	10	(163,651)	-	(163,651)	(184,731)	(33,651)	(218,382)
Profit before tax		119,697	-	119,697	59,034	409,570	468,604
Tax on profit	11	148,913	-	148,913	(127,899)	(51,000)	(178,899)
Profit for the financial year		268,610	-	268,610	(68,865)	358,570	289,705
Profit for the year attributable to:							
Owners of the parent		268,610	-	268,610	(68,865)	358,570	289,705
		268,610	-	268,610	(68,865)	358,570	289,705

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited

**Consolidated Statement of Comprehensive Income
For the Period Ended 31 December 2022**

	2022 £	2021 £
Profit for the financial year	268,610	289,705
Other comprehensive income		
Foreign exchange movement in reserves	-	6,857
Other comprehensive income for the year	-	6,857
Total comprehensive income for the year	268,610	296,562
Profit for the year attributable to:		
Owners of the parent Company	268,610	289,705
	268,610	289,705
Total comprehensive income attributable to:		
Owners of the parent Company	268,610	296,562
	268,610	296,562

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited
Registered number:13687023

Consolidated Balance Sheet
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	6,633,344	6,413,033
Tangible assets	13	612,961	794,794
		<u>7,246,305</u>	<u>7,207,827</u>
Current assets			
Stocks	15	1,809,674	1,828,318
Debtors	16	3,031,165	4,215,960
Cash at bank and in hand	17	321	119,470
		<u>4,841,160</u>	<u>6,163,748</u>
Creditors: amounts falling due within one year	18	(4,720,361)	(5,775,132)
Net current assets		<u>120,799</u>	<u>388,616</u>
Total assets less current liabilities		<u>7,367,104</u>	<u>7,596,443</u>
Creditors: amounts falling due after more than one year	19	(577,087)	(921,636)
Provisions for liabilities			
Deferred taxation	23	(1,308,000)	(1,461,400)
		<u>(1,308,000)</u>	<u>(1,461,400)</u>
Net assets		<u><u>5,482,017</u></u>	<u><u>5,213,407</u></u>
Capital and reserves			
Called up share capital		3,451,808	3,451,808
Merger reserve		(2,993,941)	(2,993,941)
Profit and loss account		5,024,150	4,755,540
Equity attributable to owners of the parent Company		<u><u>5,482,017</u></u>	<u><u>5,213,407</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2023.



Mr S Swallow
Director

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited
Registered number:13587023

Company Balance Sheet
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	14	3,451,808	3,451,808
Net assets		<u>3,451,808</u>	<u>3,451,808</u>
Capital and reserves			
Called up share capital		3,451,808	3,451,808
		<u>3,451,808</u>	<u>3,451,808</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2023.



Mr S Swallow
Director

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited

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

	Called up share capital £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2021	-	(2,993,941)	4,468,978	1,475,037
Comprehensive income for the year				
Profit for the year	-	-	289,705	289,705
Foreign exchange movement in reserves	-	-	6,857	6,857
Total comprehensive income for the year	-	-	296,562	296,562
Dividends	-	-	(10,000)	(10,000)
Shares issued during the year	4,094,210	-	-	4,094,210
Shares cancelled during the year	(642,402)	-	-	(642,402)
At 1 January 2022	3,451,808	(2,993,941)	4,755,540	5,213,407
Comprehensive income for the year				
Profit for the year	-	-	268,610	268,610
Total comprehensive income for the year	-	-	268,610	268,610
At 31 December 2022	3,451,808	(2,993,941)	5,024,150	5,482,017

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited

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

	Called up share capital	Total equity
	£	£
At 1 January 2021	-	-
Profit for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
Shares issued during the year	4,094,210	4,094,210
Shares cancelled during the year	(642,402)	(642,402)
	<hr/>	<hr/>
At 1 January 2022	3,451,808	3,451,808
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
At 31 December 2022	3,451,808	3,451,808
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The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	268,610	289,705
Adjustments for:		
Amortisation of intangible assets	733,122	552,566
Depreciation of tangible assets	172,889	381,286
Loss on disposal of tangible assets	585	(844)
Release of connected company debt	72,398	-
Government grants	-	(6,000)
Interest paid	163,651	218,382
Taxation charge	(148,913)	178,899
Decrease/(increase) in stocks	18,644	(403,901)
Decrease/(increase) in debtors	196,642	(361,458)
(Decrease)/increase in creditors	(1,350,409)	2,379,176
Corporation tax received	983,666	-
Gain on demerged subsidiaries	(7,899)	(222,444)
Net cash generated from operating activities	1,102,986	3,005,367
Cash flows from investing activities		
Capitalised intangible fixed assets and development costs	(953,433)	(1,749,702)
Purchase of tangible fixed assets	(65,180)	(50,360)
Sale of tangible fixed assets	1,141	27,624
Government grants received	-	6,000
HP interest paid	(7,793)	(29,031)
Net cash from investing activities	(1,025,265)	(1,795,469)

McGeoch Group Holdings Limited

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from financing activities		
New secured loans	250,000	450,000
Repayment of loans	(302,878)	(180,220)
Repayment of/new finance leases	(86,880)	(84,525)
Dividends paid	-	(10,000)
Interest paid	(155,858)	(189,351)
Movement on invoice discounting facilities	(55,134)	(858,943)
Net cash used in financing activities	(350,750)	(873,039)
Net (decrease)/increase in cash and cash equivalents	(273,029)	336,859
Cash and cash equivalents at beginning of year	119,470	(217,389)
Cash and cash equivalents at the end of year	(153,559)	119,470
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	321	119,470
Bank overdrafts	(153,880)	-
	(153,559)	119,470

The notes on pages 18 to 36 form part of these financial statements.

McGeoch Group Holdings Limited

**Consolidated Analysis of Net Debt
For the Year Ended 31 December 2022**

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	119,470	(119,149)	321
Bank overdrafts	-	(153,880)	(153,880)
Debt due after 1 year	(646,574)	169,862	(476,712)
Debt due within 1 year	(1,779,861)	(84,850)	(1,864,711)
Finance leases	(262,740)	86,880	(175,860)
	<u>(2,569,705)</u>	<u>(101,137)</u>	<u>(2,670,842)</u>

The notes on pages 18 to 36 form part of these financial statements.

1. General information

McGeoch Group Holdings Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of the Company's registered office is shown on the company information page.

The principal activities of the company and its subsidiaries (the Group) and the nature of the group's operations and its principal activities are set out in the Directors Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method unless when there are group reconstructions which are accounted for by applying the merger accounting treatment. For the purchase method, in the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Under the merger accounting method the carrying value of the assets and liabilities of the combining entities are not required to be adjusted to fair value, the book values are utilised to consolidate the assets and liabilities. Any difference between these book values and the nominal value of the shares received in exchange is shown as a movement in other reserves ('merger' reserve) in the consolidated financial statements. Merger expenses are charged to Consolidated Statement of Comprehensive Income, as part of profit or loss, at the effective date of the reconstruction.

2.3 Going concern

The Directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the Directors are satisfied that the Company and the Group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the Directors consider it appropriate for the financial statements to be prepared on a going concern basis.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.9 Finance costs

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

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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

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

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

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

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over the anticipated useful life of the benefits arising from the completed product or project.

Capitalised development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

2. Accounting policies (continued)

2.15 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- straight line over the term of the lease
Plant and machinery	- 10%/ straight line / over the estimated useful economic life
Motor vehicles	- 20% straight line
Fixtures and fittings	- 20%-33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

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

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

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.20 Creditors

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

2.21 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

2.22 Dividends

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

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

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

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following judgement has had a significant effect on amounts recognised in the financial statements:

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on managements judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to the project management. In determining the amounts capitalised management made assumptions regarding the expected future cash flows of the assets and expected period of benefits.

4. Turnover

The whole of the turnover is attributable to the principal activities of the group.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	8,783,007	9,959,345
Rest of Europe	53,546	967,503
Rest of the world	213,199	1,407,293
	<u>9,049,752</u>	<u>12,334,141</u>

Turnover includes £4,493,507 of demerged operations within the 2021 figures.

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	6,000
	<u>-</u>	<u>6,000</u>

McGeoch Group Holdings Limited

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

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	10,592	32,242
Exchange differences	(1,267)	2,543
Other operating lease rentals	123,927	142,771
Depreciation on leased assets	118,658	77,590
Depreciation on owned assets	54,231	103,175
Amortisation of intangible assets	733,122	(552,560)
Government grants receivable	-	(6,000)
Defined contribution pension scheme expense	176,182	219,665

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	17,200	16,000
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	5,250	5,200

8. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	3,356,038	4,284,755	-	-
Social security costs	364,286	494,985	-	-
Cost of defined contribution scheme	176,182	219,665	-	-
	<u>3,896,506</u>	<u>4,999,405</u>	<u>-</u>	<u>-</u>

McGeoch Group Holdings Limited

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

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

	2022 No.	2021 No.
Production	57	60
Other	36	36
	<u>93</u>	<u>96</u>

The Company has no employees other than the directors, who did not receive any remuneration from the company (2021 - £NIL)

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	370,271	276,560
Group contributions to defined contribution pension schemes	53,640	46,048
	<u>423,911</u>	<u>322,608</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £124,412 (2021 - £159,002).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,000 (2021 - £13,179).

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	89,787	65,537
Other loan interest payable	66,071	123,814
Finance leases and hire purchase contracts	7,793	29,031
	<u>163,651</u>	<u>218,382</u>

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

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	(484,321)
Adjustments in respect of previous periods	(4,013)	(481,280)
Total current tax	<u>(4,013)</u>	<u>(965,601)</u>
Deferred tax		
Origination and reversal of timing differences	(144,900)	1,144,500
Total deferred tax	<u>(144,900)</u>	<u>1,144,500</u>
Tax on profit	<u>(148,913)</u>	<u>178,899</u>

Factors affecting tax charge for the year

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

	2022 £	2021 £
Profit on ordinary activities before tax	<u>119,697</u>	<u>468,604</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	22,742	89,035
Effects of:		
Capital items expensed and other fixed asset differences	(1,283)	(2,637)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,340	11,768
Capital allowances for year in excess of depreciation	(13,537)	(424,333)
Adjustments to tax charge in respect of prior periods	4,013	(481,270)
Movement in deferred tax not recognised and remeasurement of deferred tax for a change in rates	(29,677)	1,194,752
Surrender of tax losses for R&D tax credit refund	-	634,689
Additional deduction for R&D expenditure and R&D tax credit claim	(146,511)	(843,105)
Total tax charge for the year	<u>(148,913)</u>	<u>178,899</u>

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

11. Taxation (continued)

Factors that may affect future tax charges

At the end of the year, the Group had tax losses of approximately £1.2m (2021: £0.6m) to carry forward and offset against future taxable trading profits.

12. Intangible assets

Group

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 January 2022	8,569,635	780,972	9,350,607
Additions	953,433	-	953,433
De-merged and dissolved subsidiaries	-	(125,591)	(125,591)
At 31 December 2022	9,523,068	655,381	10,178,449
Amortisation			
At 1 January 2022	2,156,602	780,972	2,937,574
Charge for the year	733,122	-	733,122
De-merged and dissolved subsidiaries	-	(125,591)	(125,591)
At 31 December 2022	2,889,724	655,381	3,545,105
Net book value			
At 31 December 2022	6,633,344	-	6,633,344
At 31 December 2021	6,413,033	-	6,413,033

McGeoch Group Holdings Limited

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

13. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2022	347,700	1,501,194	28,577	232,309	2,109,780
Additions	4,390	24,721	-	36,069	65,180
Disposals	-	(129,509)	-	(1,109)	(130,618)
At 31 December 2022	352,090	1,396,406	28,577	267,269	2,044,342
Depreciation					
At 1 January 2022	214,095	928,971	3,367	168,553	1,314,986
Charge for the year	32,341	100,926	5,715	33,907	172,889
Disposals	-	(56,032)	-	(462)	(56,494)
At 31 December 2022	246,436	973,865	9,082	201,998	1,431,381
Net book value					
At 31 December 2022	105,654	422,541	19,495	65,271	612,961
At 31 December 2021	133,605	572,223	25,210	63,756	794,794

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	238,525	306,030
Motor vehicles	19,494	25,904
	<u>258,019</u>	<u>331,934</u>

McGeoch Group Holdings Limited

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

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	3,451,808
At 31 December 2022	<u>3,451,808</u>

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
McGeoch Technology Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Littletape Limited	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
William White & Co (London) 1968 Limited*	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%
McGeoch Group Limited*	86 Lower Tower Street, Birmingham, B19 3PA, United Kingdom	Ordinary	100%

* Dissolved following the year end

McGeoch Group Holdings Limited

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

15. Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	1,103,631	1,224,398
Work in progress (goods to be sold)	618,438	472,825
Finished goods and goods for resale	87,605	131,095
	<u>1,809,674</u>	<u>1,828,318</u>

16. Debtors

	Group 2022 £	Group 2021 £
Due after more than one year		
Other debtors	84,000	84,000
	<u>84,000</u>	<u>84,000</u>
Due within one year		
Trade debtors	1,805,062	2,072,472
Other debtors	1,000,498	1,952,898
Prepayments and accrued income	141,605	106,590
	<u>3,031,165</u>	<u>4,215,960</u>

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash at bank and in hand	321	119,470
Less: bank overdrafts	(153,880)	-
	<u>(153,559)</u>	<u>119,470</u>

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

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £
Bank overdrafts	153,880	-
Bank loans	318,095	201,111
Other loans	1,523,616	1,578,750
Trade creditors	1,096,846	932,708
Other taxation and social security	856,119	1,855,085
Obligations under finance lease and hire purchase contracts	75,485	86,678
Other creditors	57,561	42,654
Accruals and deferred income	638,759	1,078,146
	<u>4,720,361</u>	<u>5,775,132</u>

The bank loans, overdrafts and invoice discounting facilities contained within other loans and for both within one year and over one year are secured by a fixed and floating charge over the Group's assets and a charge over the debtor book.

Included within bank loans is a CBILS loan supported by the Enterprise Finance Guarantee Program, managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy and Industrial Strategy. The loan is repayable over a 5 year period. Interest is to be charged at 4.35% per annum above the Bank of England's base rate, within the first twelve months being covered by a grant from the Government. In addition, the group also obtained Recovery Loan Scheme facilities of £450,000 and £250,000 through their current banking provider with repayment terms of 5 years and 2 years respectively. Interest is charged at 4.48% per annum and 3.8% per annum respectively above the Bank of England base rate. The Recovery Loan Scheme is also partly guaranteed by the UK government.

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

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

	Group 2022 £	Group 2021 £
Bank loans	476,712	646,574
Net obligations under finance leases and hire purchase contracts	100,375	176,062
Other creditors	-	99,000
	<u>577,087</u>	<u>921,636</u>

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

20. Loans

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	318,095	201,111
Other loans	1,523,616	1,578,750
Amounts falling due 1-2 years		
Bank loans	232,360	201,111
Amounts falling due 2-5 years		
Bank loans	244,352	445,463
	<u>2,318,423</u>	<u>2,426,435</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	75,485	86,678
Between 1-5 years	100,375	176,062
	<u>175,860</u>	<u>262,740</u>

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

22. Financial instruments

	Group 2022 £	Group 2021 £
Financial assets		
Financial assets measured at undiscounted amounts receivable	2,889,560	4,228,840
Financial liabilities		
Financial liabilities measured at undiscounted amounts payable	1,793,166	2,117,421
Financial liabilities measured at amortised cost	2,648,163	2,689,175
	<u>4,441,329</u>	<u>4,806,596</u>

Financial assets measured at undiscounted amounts receivable comprise trade and certain other debtors and for the company disclosure amounts receivable from group and connected companies.

Financial liabilities measured at amortised cost comprise bank overdrafts, loans, invoice discounting facilities and hire purchase liabilities.

Financial liabilities measured at undiscounted amounts payable comprise trade and other creditors, accruals and for the company disclosure amounts owed to group undertakings.

23. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	(1,461,400)	(574,500)
Charged to profit or loss	153,400	(1,102,000)
Arising on business combinations	-	215,100
At end of year	<u>(1,308,000)</u>	<u>(1,461,400)</u>

	Group 2022 £	Group 2021 £
Accelerated capital allowances	1,619,000	1,621,425
Tax losses carried forward	(309,000)	(156,500)
Pension surplus	(2,000)	(3,525)
	<u>1,308,000</u>	<u>1,461,400</u>

McGeoch Group Holdings Limited

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

24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
3,451,808 (2021 - 3,451,808) Ordinary shares of £1.00 each	3,451,808	3,451,808

On 26 August 2021 the company issued 1 subscriber share at par value of £1 per share and as part of the Group reorganisation, the Company issued a further 4,094,209 £1 shares in consideration for a share for share exchange. As part of the de-merger of the ceramics and gases divisions the Company cancelled 642,402 £1 shares.

25. Reserves

Merger Reserve

The merger reserve is comprised of the difference between the nominal value of the shares issued in exchange for share capital, share premium and capital redemption reserve of the business combination.

Profit and loss account

The profit and loss reserve is comprised of cumulative profits and losses to date, net of dividends paid and other adjustments.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £176,182 (2021 : £152,368). Contributions totalling £15,713 (2021 - £25,037) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

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

	Group 2022 £	Group 2021 £
Land and buildings		
Not later than 1 year	30,000	123,927
Later than 1 year and not later than 5 years	120,000	120,000
Later than 5 years	30,000	60,000
	180,000	303,927

28. Related party transactions

In accordance with Financial Reporting Standard 102, transactions with other group undertakings of McGeoch Group Holdings Limited, have not been disclosed in these financial statements.

The company utilises a property owned by a connected business in which a director has an interest. During the year the group incurred rent of £130,000 and raised a credit of £Nil (2021 : £130,000). The lease is considered an operating lease and the commitment is included within the notes to the accounts. At the start of the lease a deposit was paid to the business of £50,000 and a subsequent increase was then made of £34,000. At the balance sheet date this is presented within other debtors over one year of £84,000 (2021 : £84,000). The same director has another business interest which transacts with the company and during the year this business charged the company £85,000 (2021: £90,000) in respect of consultancy fees. In addition and during the year, this business loaned the company £365,778 (2021 : £1,081,778) and received payments from the company of £365,778 (2021: £1,081,778). Interest was also charged by the business of £Nil during the year (2021 : £30,000). At the balance sheet date, the company reported amounts due to the business of £2,000 (2021 : £nil). During the year, the spouse of this director also transacted with the company, through a business interest she has. This business charged the company £30,000 (2021 : £30,000) in respect of consultancy services. At the balance sheet date, amounts outstanding to the business were £Nil (2021 : £Nil). During the year the company charged a net of corporate costs and management charges of £118,255 (2021 : charge from of £81,000) to a connected company. In addition, the company issued recharges of costs of £484,056 (2021 : £363,713). Associated company debts were written off of £72,398 (2021 : £100,000) due from the same entity. At the balance sheet date £993,813 (2021 : £964,464) was outstanding from the connected companies.

During the year the company transacted with a business interest of another director. This business charged the company £Nil (2021 : £4,504) in respect of consultancy fees and services to the company. In addition, the company paid expenses of £nil (2021 : £Nil) in connection with these services.

During the year the company transacted with a business interest of another director. This business charged the company £Nil net of VAT (2021 : £44,225 net of VAT) in respect of consultancy fees and services to the company. There was £nil (2021 : £Nil) outstanding at the balance sheet date.

29. Post balance sheet events

Following the year end, the subsidiaries William White & Co. (London) 1968 Limited and McGeoch Group Ltd were dissolved. There is no material impact to these financial statements as a result of this.

30. Controlling party

The ultimate controlling party is S Amer, by virtue of his majority shareholding.