

Company Registration No. 00173768 (England and Wales)

GILBERT GILKES & GORDON LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2022

FRIDAY



ABX1A6NC

A03

10/02/2023

#190

COMPANIES HOUSE

GILBERT GILKES & GORDON LIMITED

COMPANY INFORMATION

Directors C W N Crewdson OBE
V L Crewdson
A W Poole
KL Rowland

Company number 00173768

Registered office Canal Head North
Kendal
Cumbria
LA9 7BZ

Auditor RSM UK Audit LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

GILBERT GILKES & GORDON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present the strategic report for the year ended 30 September 2022.

Our Purpose

Our values-based approach has been shaped from a 160-year heritage as a family-owned business. We believe in developing ethical business relationships with a positive environmental focus that bring about long-term sustainable success. Our people are committed to ensuring that Gilkes' products make a meaningful difference and provide a platform for the transition to a low carbon economy.

Our Business Model

STRATEGY	BUSINESS MODEL		
What we do...	Client Acquisition & Development	Project Delivery	Product Life-Cycle Management
We leverage opportunities through our expertise, dedication and agility	<ul style="list-style-type: none"> Our customer-facing teams build and maintain a dialogue with clients based on openness and transparency 	<ul style="list-style-type: none"> Our aim is to deliver projects 100% on-time-in-full A formal approach exists to ensure the best use of resources and competencies to achieve delivery at the required time, cost and quality 	<ul style="list-style-type: none"> We actively manage and support our products as they transition through their life cycle
How we do it...	Customer Service	Focus on Productivity	Expanded Offerings
We continually improve our products and services to support our customer's success	<ul style="list-style-type: none"> We build and maintain our customer relationships based on ethical behaviour and doing what we said we would do When required by our customers, we go the extra mile without question We stand by our products 	<ul style="list-style-type: none"> Business Excellence is embedded throughout the organisation We critically review our end-to-end business processes to eliminate non value-added practices 	<ul style="list-style-type: none"> Expanding our product offerings to meet our customer's needs Offering solutions with unique value propositions
Our competitive advantage...	Our People	Our Processes	Our Agility
We strive to maintain a high-performance workplace for our employees to excel	<ul style="list-style-type: none"> We believe our people are the ultimate differentiator We are working to create a culture of empowerment and achievement 	<ul style="list-style-type: none"> High productivity is a competitive advantage Our processes are designed and managed to optimise stakeholder value 	<ul style="list-style-type: none"> We use mechanisms to identify changes in the external environment and translate these into potential opportunities We are continually developing our technology portfolio to meet these opportunities

GILBERT GILKES & GORDON LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Highlights of 2021-22

Oct 2021 Pay & Development Scheme

Our new pay & development scheme has begun to be rolled out across the business. This sets a course for all employees to fully understand & appreciate their potential career path. Every employee will have a personalised training plan with annual career discussions and reviews.

Apr 2022 ISO 55001 Asset Management

Initial ISO 55001 training was undertaken resulting in the development of a Strategic Asset Management Plan to underpin the building of an effective asset management framework that we can apply to hydropower schemes, initially across the UK. It will help us to identify opportunities to optimise the value realised from Hydropower schemes over the long-term for our customers.

Aug 2022 IFS upgrade to Apps 10

A six-month project is underway to upgrade our IFS ERP system to version 10. This will deliver improved functionality and process efficiencies at a cost of c£100,000. The system is scheduled to go live in January 2023.

Looking forward to 2022-23

In November 2022 we were proud to be awarded 'Best Supplier On Time Delivery – EAME Region' by Cummins in recognition of our outstanding on time delivery achievement with this customer.

During 2023 we will be continuing to work towards accreditation for both ISO 27001 Information Security Management and ISO 55001 Asset Management, with the first hydro asset managed schemes being rolled out in the coming months.

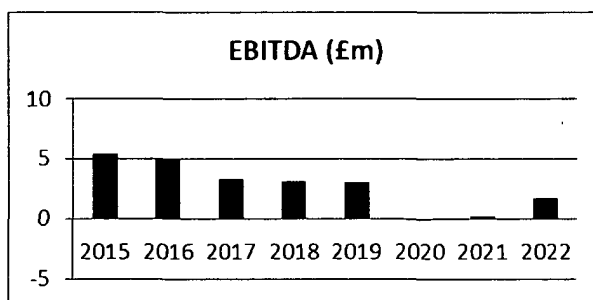
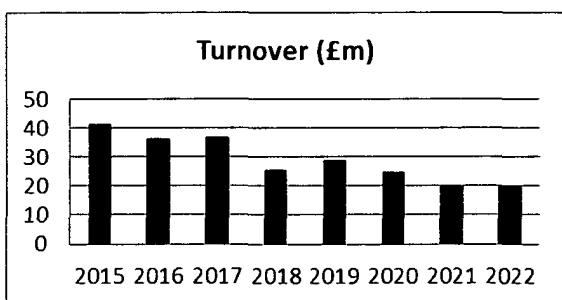
Site renovations are planned at our Kendal factory to repair ageing outbuildings and modernise office interiors, and a major project is underway to upgrade to a Flexible Manufacturing System which will significantly improve our manufacturing efficiency and capability.

Performance Review

2022 has been a period of consolidation for the Group post-pandemic and following the restructure in 2021. Revenues have stabilised in the year and the Group has returned to profitability.

Within our core markets, the engine cooling pump business has seen sustained growth throughout the year with revenues increasing by 13% year on year and returning to pre-pandemic levels. Increased volumes have been seen across all sectors, with the marine and power generation applications recording 16% and 14% year on year growth respectively. The market for lube oil pumps continued to be slow until the third quarter, when the Russia-Ukraine conflict and resultant energy price crisis began to stimulate demand for pumps for traditional power stations. This is expected to be a growth area in 2022-23.

The market for new hydro power schemes remains weak, however escalating energy prices have generated increased enquiries and orders in the plant modernisation arena. The Group will be focussing resource on the modernisation and aftersales market in the forthcoming year as a key strategic growth area.



GILBERT GILKES & GORDON LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Performance Review (continued)

Gross margin shows a small increase to 40% (2022) from 39% (2021) reflecting the move in sales mix towards engine colling pumps. Raw material cost price pressures will continue to be felt in 2023.

Group overheads have reduced by £1.5m year on year, largely reflecting the reduction in headcount in April 2021.

Excluding the impact of currency fluctuations, depreciation, profit/loss on disposal of assets and exceptional costs, the Group recorded an operating profit of £1.2m (2021: loss of £0.1m), equating to 6.1% of turnover (2021: -0.5%).

During the year the Group generated £0.3m of cash from operating activities and received corporation tax repayments of £0.6m. The Group invested £0.1m in fixed assets and incurred £0.3m in loan repayments including the redemption of the USA mortgage.

After taxation charges, the Group recorded a retained profit of £1.4m for the year, creating an increase in net assets from £14.0m (2021) to £15.4m (2022).

Key Performance Indicators

At an operational level, the Board uses a range of quantitative financial and non-financial performance indicators reported on a monthly basis to monitor the Group's performance. The measures encompass the four key areas of our strategy to drive performance improvements against our financial, customer service, business process and people orientated business objectives. The financial measures include profitability in terms of gross margin and return on sales, revenue growth (orders booked versus invoiced sales) and use of capital (inventory turns and return on capital employed). Non-financial metrics measure our product quality, delivery performance, employee retention rates and skills acquisition.

Risk Management

The Board believe that identifying our principal risks and uncertainties that may threaten Gilkes' business model or future performance, is vital to the on-going success of the business. The Board approves the risk appetite and tolerance levels and reviews the effectiveness of the risk management system. Risks are categorised based upon likelihood and potential impact.

RISK MATRIX		IMPACT				
		INSIGNIFICANT	MARGINAL	MODERATE	CRITICAL	CATASTROPHIC
LIKELIHOOD	UNLIKELY	Low	Low	Low	Medium	High
	SELDOM	Low	Low	Medium	High	Extreme
	OCCASIONAL	Low	Medium	High	High	Extreme
	LIKELY	Low	High	High	Extreme	Extreme
	DEFINITE	Low	High	High	Extreme	Extreme

The most significant risks facing the group are considered to be as follows:

1. Cyber Security

Failure of IT systems, including ineffective functionality and/or performance, data integrity & cyber security

Risk Rating	Potential Impact	Potential Causes	Mitigation/controls
Extreme	<ul style="list-style-type: none"> Loss of critical systems or data Breach of personal information Reputational damage 	<ul style="list-style-type: none"> Cyber-attack, viruses Hardware failure 	<ul style="list-style-type: none"> Firewall Blended protection approach Become ISO 27001 compliant

GILBERT GILKES & GORDON LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Risk Management (continued)

2. Commodity Prices

Volatility in commodity prices i.e., copper, iron ore, lead, oil & gas

Risk Rating	Potential Impact	Potential Causes	Mitigation/controls
High	<ul style="list-style-type: none">Sustained reduction in value of sterling leading to increased costsBorder friction	<ul style="list-style-type: none">Unfavourable or restrictive trade agreement	<ul style="list-style-type: none">Increased inventory of EU sourced product

3. Loss of key personnel

Loss of critical/core employees

Risk Rating	Potential Impact	Potential Causes	Mitigation/controls
High	<ul style="list-style-type: none">Loss of knowledgeImpact on moraleIncreased recruitment cost	<ul style="list-style-type: none">Lack of recognition/ advancementPoor pay, benefits or conditionsHighly competitive labour market	<ul style="list-style-type: none">Personal development plans for all employeesManagement trainingSuccession planning

Treasury Policy

The Group finances its activities with a combination of cash reserves and bank loans as disclosed in Notes 18, 19 & 20.

The Group enters into the appropriate currency transaction dependent upon the circumstance. The value of sterling compared to both the US dollar and the Euro are watched very closely by the Group and action taken when appropriate. In large US dollar denominated contracts, particularly for hydropower, the Group mitigates the risk by sourcing almost all the equipment and raw materials in North America.

Creditor Payment Policy

The Group continues to strive to always pay its creditors on time and attaches great importance to honouring payment terms.

Future Developments

The Group will continue with its strategy of developing its hydropower aftersales offering, looking for new opportunities in hydropower generation and efficient manufacture and continue to seek new customers for its range of diesel engine cooling pumps.

On behalf of the board

K Rowland

KL Rowland

Director

Date: 06/02/23

GILBERT GILKES & GORDON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their annual report and financial statements for the year ended 30 September 2022.

Principal activities

The principal activity of the Company and Group continued to be that of the design and manufacture of engine cooling pumps and hydro-electric power solutions.

Directors

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

C W N Crewdson OBE
V L Crewdson
A W Poole
KL Rowland

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-4.

The Group has considerable financial resources together with a portfolio of clients spread across different market sectors and geographical areas. Consequently, the Directors believe that the Group is well placed to manage its normal business risks successfully.

The Group operates a robust 24 month rolling forecast process which it utilises on a regular basis to evaluate possible scenarios arising from risks and opportunities facing the business. Detailed projections to September 2024 have been evaluated to test the financial resilience of the Group considering order pipeline, market conditions and cost pressures.

Whilst the Directors believe that 2023 may continue to be a period of consolidation, the stress testing of the Group's financial position indicates that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid (2021: £nil). The directors do not recommend payment of a further dividend.

Employees

Employees are kept fully informed about the performance of the business through monthly team briefings and quarterly presentations made to the whole Group.

Research and development

The Group continues to invest in research and development activities.

Political and charitable contributions

The Group made no political donations during the year and the total donations to charities were £7,162 (2021: £600).

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

GILBERT GILKES & GORDON LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Strategic report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. This has been done with regard to business performance.

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, each Director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

K Rowland

.....
KL Rowland

Director

Date: 06/02/23
.....

GILBERT GILKES & GORDON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

Company law requires the Directors to prepare group and company 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 Group and Company, 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 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 group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED

Opinion

We have audited the financial statements of Gilbert Gilkes & Gordon Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 30 September 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 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 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 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 the audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED (CONTINUED)

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 their 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 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 7, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILBERT GILKES & GORDON LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety Regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and reviewed the Health and Safety Executive's website for any enforcement notices issued to the group.

The group audit engagement team identified the risk of management override of controls, the valuation of warranty accruals and revenue recognition in respect of contract work as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of warranty accruals and assessing the operating effectiveness of controls relating to contract revenue, as well as performing substantive tests of detail.

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

Michael Oates

Michael Oates CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

.....
07/02/23

GILBERT GILKES & GORDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	20,286	20,270
Cost of sales		(12,112)	(12,304)
Gross profit		8,174	7,966
Distribution costs		(500)	(463)
<i>Analysis of administrative expenses:</i>			
Administrative expenses - normal		(6,809)	(8,338)
Administrative expenses - exceptional	4	-	(573)
Administrative expenses		(6,809)	(8,911)
Other operating income	5	234	277
Operating profit/(loss)	8	1,099	(1,131)
Interest receivable and similar income	10	12	-
Interest payable and similar expenses	11	(29)	(23)
Profit/(loss) before taxation		1,082	(1,154)
Tax on profit/(loss)	12	(152)	199
Profit/(loss) for the financial year		930	(955)
Other comprehensive income net of taxation			
Currency translation differences		463	(135)
Total comprehensive income for the year		1,393	(1,090)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

GILBERT GILKES & GORDON LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2022**

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		5,809		6,186
Current assets					
Stocks	16	2,566		2,264	
Debtors	17	5,752		5,050	
Cash at bank and in hand		7,124		6,372	
		15,442		13,686	
Creditors: amounts falling due within one year	18	(4,896)		(4,602)	
Net current assets			10,546		9,084
Total assets less current liabilities			16,355		15,270
Creditors: amounts falling due after more than one year	19		(581)		(855)
Provisions for liabilities	21		(339)		(373)
Net assets			15,435		14,042
Capital and reserves					
Called up share capital	23		1,333		1,333
Share premium account	24		117		117
Profit and loss reserves	24		13,985		12,592
Total equity			15,435		14,042

The financial statements were approved by the board of directors and authorised for issue on 06/02/23 and are signed on its behalf by:

K Rowland

KL Rowland
Director

GILBERT GILKES & GORDON LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		4,872		5,387
Investments	14		19		19
			<u>4,891</u>		<u>5,406</u>
Current assets					
Stocks	16	2,138		1,905	
Debtors	17	5,337		4,674	
Cash at bank and in hand		6,172		5,822	
		<u>13,647</u>		<u>12,401</u>	
Creditors: amounts falling due within one year	18	<u>(4,717)</u>		<u>(4,475)</u>	
Net current assets			<u>8,930</u>		<u>7,926</u>
Total assets less current liabilities			<u>13,821</u>		<u>13,332</u>
Creditors: amounts falling due after more than one year	19		(581)		(777)
Provisions for liabilities	21		(339)		(373)
Net assets			<u>12,901</u>		<u>12,182</u>
Capital and reserves					
Called up share capital	23		1,333		1,333
Share premium account	24		117		117
Profit and loss reserves	24		11,451		10,732
Total equity			<u>12,901</u>		<u>12,182</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares Group accounts. The Company's profit for the year was £719,000 (2021: loss of £1,158,000).

The financial statements were approved by the board of directors and authorised for issue on 06/02/23 and are signed on its behalf by:

K Rowland

KL Rowland
Director

GILBERT GILKES & GORDON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 October 2020	1,333	117	13,682	15,132
Year ended 30 September 2021:				
Loss for the year	-	-	(955)	(955)
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(135)	(135)
Total comprehensive income for the year	-	-	(1,090)	(1,090)
Balance at 30 September 2021	1,333	117	12,592	14,042
Year ended 30 September 2022:				
Profit for the year	-	-	930	930
Other comprehensive income net of taxation:				
Currency translation differences	-	-	463	463
Total comprehensive income for the year	-	-	1,393	1,393
Balance at 30 September 2022	1,333	117	13,985	15,435

GILBERT GILKES & GORDON LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 October 2020	1,333	117	11,890	13,340
Year ended 30 September 2021:				
Loss and total comprehensive income for the year	-	-	(1,158)	(1,158)
Balance at 30 September 2021	1,333	117	10,732	12,182
Year ended 30 September 2022:				
Profit and total comprehensive income for the year	-	-	719	719
Balance at 30 September 2022	1,333	117	11,451	12,901

GILBERT GILKES & GORDON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	25		304		1,740
Net interest			(18)		(23)
Income taxes refunded			630		175
Net cash inflow from operating activities			916		1,892
Investing activities					
Purchase of tangible fixed assets		(95)		(230)	
Proceeds on disposal of tangible fixed assets		44		21	
Net cash used in investing activities			(51)		(209)
Financing activities					
Repayment of bank loans		(288)		(244)	
Net cash used in financing activities			(288)		(244)
Net increase in cash and cash equivalents			577		1,439
Cash and cash equivalents at beginning of year			6,372		4,933
Effect of foreign exchange rates			175		-
Cash and cash equivalents at end of year			7,124		6,372

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

Gilbert Gilkes & Gordon Limited ("the Company") is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Canal Head North, Kendal, Cumbria, LA9 7BZ.

The Group consists of Gilbert Gilkes & Gordon Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Directors' Report.

These financial statements have been made up to the 25 September 2022 (2021: 26 September 2021).

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, including the provisions of the Large and Medium-sized companies and Groups, (Accounts and Reports) Regulations 2008.

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 £'000.

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

The 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 for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flows and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Gilbert Gilkes & Gordon Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 25 September 2022 (2021: 26 September 2021). Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development. Performance and position are set out in the Strategic Report on pages 1-4.

The Group has considerable financial resources together with a portfolio of clients spread across different market sectors and geographical areas. Consequently, the Directors believe that the Group is well placed to manage its normal business risks successfully.

The Group operates a robust 24 month rolling forecast process which it utilises on a regular basis to evaluate possible scenarios arising from risks and opportunities facing the business. Detailed projections to September 2024 have been evaluated to test the financial resilience of the Group considering order pipeline, market conditions and cost pressures.

Whilst the Directors believe that 2023 may continue be a period of consolidation, the stress testing of the Group's financial position indicates that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

An element of turnover is derived from long term contracts. Contract revenue is recognised over the term of the contract using the percentage completion method, measured by reference to the proportion that costs incurred for work performed to date bear to the total estimated costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion, revenue is only recognised to the extent that costs are expected to be recoverable.

No profit is recognised on a contract if a contract is expected to be loss making, the expected amount of the loss is recognised immediately in the income statement.

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.

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.

Tangible fixed assets

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

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives to their residual value of each part of an item of tangible fixed assets including leased assets held for rental are depreciated over the lease term. The estimated useful lives are as follows:

Freehold land and buildings	39-50 years straight line
Plant, machinery and equipment	3-8 years straight line
Assets held for rental	20-25 years straight line

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

No depreciation has been provided during the year on freehold land valued at £576,000.

Assets under construction are not depreciated.

Fixed asset investments

In the separate accounts of the Company, interests in subsidiaries are initially measured at transaction price excluding transaction costs. In the case of a share for share exchange, the fair value of the shares issued is used as the transaction price.

Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in other comprehensive income except to the extent that a gain reverses a loss previously recognised in profit or loss, or a loss exceeds the accumulated gains recognised in equity; such gains and loss are recognised in profit or loss.

The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method.

Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs, and any other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Stock is stated net of a provision for slow-moving and potentially obsolete items which has been calculated based upon the age of inventory items.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, payments in advance to suppliers, amounts owed by Group and associated undertakings, 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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and bank loans are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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 group.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period they are incurred.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

Retirement benefits

A defined contribution pension plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

Leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Income received under operating leases is recognised in the profit and loss account as it accrues.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Interest receivable, interest payable and dividend income

Interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar charges include bank interest payable and finance lease interest recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current year relates to the Northern Powerhouse Investment Fund, and the income received during the prior year relates to the government's Coronavirus Job Retention Scheme.

The grant specifies performance conditions and is recognised in income when the performance conditions are met, which is the month in which the employees are paid. A grant received before the recognition criteria are satisfied is recognised as a liability.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the Group'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.

Critical judgements

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue and profit recognition on long term contracts

An element of turnover is derived from long term contracts, and revenue is recognised using the percentage completion method.

The ultimate profitability of long term contracts is based upon estimates of costs, including allowances for technical and other risks, which are based upon the knowledge and experience of key management. Material changes to these estimates could affect overall profitability. These estimates of contract costs are reviewed and updated regularly, with the impact of any changes being reflected in ongoing results.

Warranty costs

Some of the Group's hydropower contracts include a warranty period of 12-24 months during which time the Group may be required to remedy defects. A provision for potential warranty costs is included within accruals and is calculated based upon historic actual costs incurred as a percentage of contract values, any known specific costs and management's best estimate of potential outflows.

Valuation of freehold property

UK freehold land & buildings are included at carrying value of £2m which is deemed to be the residual value based on a 'value in use' exercise conducted on 30 June 2015. No depreciation is charged on this amount. The carrying value is subject to periodic review for impairment which requires estimates to be made concerning future trading performance and discount rates. The most recent review at 30 September 2022 supported the carrying value.

3 Turnover and other revenue

The Group's turnover and profit is all attributable to its business of designing, manufacturing, distributing and servicing pumps, pumping systems and hydro-electric equipment.

	2022	2021
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	6,971	7,359
Other European countries	6,201	5,754
North America	6,689	6,516
Asia	155	158
Other countries	270	483
	<hr/>	<hr/>
	20,286	20,270
	<hr/>	<hr/>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

4 Exceptional item

	2022 £'000	2021 £'000
Expenditure		
Exceptional items - restructure	-	573
	<u> </u>	<u> </u>

The exceptional expenditure in the prior year was as a result of redundancy costs following a restructure in April 2021.

5 Other operating income

	2022 £'000	2021 £'000
Other operating income	225	268
Government grants	9	9
	<u> </u>	<u> </u>
	<u>234</u>	<u>277</u>

During the year the Company received £nil (2021: £9,000) of grant income under the Coronavirus Job Retention Scheme, and £9,000 (2021: £nil) under the Northern Powerhouse Investment Fund.

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration	91	107	91	107
Production	59	60	59	60
Overseas	12	13	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>162</u>	<u>180</u>	<u>150</u>	<u>167</u>

Their aggregate remuneration comprised:

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Wages and salaries	5,573	6,372	5,132	5,980
Social security costs	562	589	527	555
Pension costs	760	853	753	847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>6,895</u>	<u>7,814</u>	<u>6,412</u>	<u>7,382</u>

Included in wages and salaries are exceptional redundancy costs of £nil (2021: £573,000).

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	355	349
Company pension contributions to defined contribution schemes	91	82
	<u>446</u>	<u>431</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	131	125
Company pension contributions to defined contribution schemes	32	31
	<u>163</u>	<u>156</u>

Four directors (2021: four) were accruing pensions under the Group's defined contribution scheme.

The Directors constitute the key management personnel of the business at both a Group and Company level. This amount is exclusive of social security costs of £44,000 (2021: £41,000).

8 Operating profit/(loss)

	2022 £'000	2021 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(468)	357
Research and development costs	577	427
Depreciation of owned tangible fixed assets	615	681
Profit on disposal of tangible fixed assets	(6)	(15)
Operating lease charges	112	121
	<u>825</u>	<u>1560</u>

9 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	33	27
	<u>33</u>	<u>27</u>
For other services		
Taxation compliance services	5	5
All other non-audit services	3	2
	<u>8</u>	<u>7</u>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

10 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Other interest income	12	-
	<u>12</u>	<u>-</u>

11 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank loans	8	23
Finance charges payable	21	-
	<u>29</u>	<u>23</u>

12 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	120	(261)
Adjustments in respect of prior periods	1	(41)
	<u>121</u>	<u>(302)</u>
Total UK current tax		
Foreign current tax on profits for the current period	65	20
	<u>186</u>	<u>(282)</u>
Total current tax		
Deferred tax		
Origination and reversal of timing differences	(34)	(8)
Changes in tax rates	-	91
	<u>(34)</u>	<u>83</u>
Total deferred tax		
Total tax charge/(credit)	<u>152</u>	<u>(199)</u>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

12 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	1,082	(1,154)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	206	(219)
Tax effect of expenses that are not deductible in determining taxable profit	1	5
Tax effect of income not taxable in determining taxable profit	(6)	(10)
Unutilised tax losses carried forward	25	19
Adjustments in respect of prior years	1	(41)
Group relief	(4)	-
Permanent capital allowances in excess of depreciation	(18)	(4)
Research and development tax credit	(44)	(65)
Other non-reversing timing differences	-	25
Effect of overseas tax rates	7	2
Surrender of tax losses for R&D credit refund	-	27
Other allowances	3	(29)
Losses carried back	(19)	-
Remeasurement of deferred tax	-	91
Taxation charge/(credit)	152	(199)

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 March 2021. The rate applicable from 1 April 2020 remained at 19%, however this will increase to 25% with effect from 1 April 2023. Deferred tax has been calculated at 25%.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets

Group	Freehold land and buildings	Plant, machinery and equipment	Assets held for rental	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2021	4,423	6,646	1,492	12,561
Additions	-	95	-	95
Disposals	-	(59)	-	(59)
Exchange adjustments	186	109	-	295
At 30 September 2022	4,609	6,791	1,492	12,892
Depreciation and impairment				
At 1 October 2021	1,734	4,031	610	6,375
Depreciation charged in the year	14	539	62	615
Eliminated in respect of disposals	-	(21)	-	(21)
Exchange adjustments	31	83	-	114
At 30 September 2022	1,779	4,632	672	7,083
Carrying amount				
At 30 September 2022	2,830	2,159	820	5,809
At 30 September 2021	2,689	2,615	882	6,186
Company				
	Freehold land and buildings	Plant, machinery and equipment	Assets held for rental	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2021	3,598	6,168	1,492	11,258
Additions	-	91	-	91
Disposals	-	(60)	-	(60)
At 30 September 2022	3,598	6,199	1,492	11,289
Depreciation and impairment				
At 1 October 2021	1,598	3,662	611	5,871
Depreciation charged in the year	-	505	62	567
Eliminated in respect of disposals	-	(21)	-	(21)
At 30 September 2022	1,598	4,146	673	6,417
Carrying amount				
At 30 September 2022	2,000	2,053	819	4,872
At 30 September 2021	2,000	2,506	881	5,387

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets (Continued)

UK freehold land and buildings were valued on 30 June 2015 on the basis of existing use at £2,000,000. The carrying value of the property has been impaired to this valuation.

14 Fixed asset investments

	Notes	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Investments in subsidiaries	15	-	-	19	19

Movements in fixed asset investments Company

	Shares in group undertakings £'000
Cost	
At 1 October 2021 and 30 September 2022	19
Carrying amount	
At 30 September 2022	19
At 30 September 2021	19

15 Subsidiaries

Details of the Company's subsidiaries at 30 September 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Gilkes Incorporated	471 Columbia Memorial Parkway, Kemah, Texas, 77565, USA	Mechanical Engineering	Ordinary	100.00
Gilkes Hydro (Canada) Ltd	c/o 550 Burrard St, Suite 2900, Vancouver, V6COA3, Canada	Dormant	Ordinary	100.00
Gilkes Ltd	Canal Head North, Kendal, LA9 7BZ	Dormant	Ordinary	100.00
Gilkes Pumping Systems Ltd	Canal Head North, Kendal, LA9 7BZ	Dormant	Ordinary	100.00

16 Stocks

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Raw materials and consumables	2,019	1,661	1,591	1,302
Work in progress	547	603	547	603
	<u>2,566</u>	<u>2,264</u>	<u>2,138</u>	<u>1,905</u>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

17 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	4,212	3,368	3,592	2,821
Payment in advance to suppliers	88	103	88	103
Corporation tax recoverable	-	621	-	641
Amounts owed by group undertakings	-	-	237	178
Other debtors	197	91	197	91
Prepayments and accrued income	1,255	867	1,223	840
	<u>5,752</u>	<u>5,050</u>	<u>5,337</u>	<u>4,674</u>

18 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
Notes	£'000	£'000	£'000	£'000
Bank loans	160	210	160	160
Payments received on account	641	69	607	27
Trade creditors	929	946	896	934
Corporation tax payable	194	-	119	-
Other taxation and social security	166	132	164	131
Other creditors	398	395	398	395
Accruals and deferred income	2,408	2,850	2,373	2,828
	<u>4,896</u>	<u>4,602</u>	<u>4,717</u>	<u>4,475</u>

19 Creditors: amounts falling due after more than one year

	Group 2022	2021	Company 2022	2021
Notes	£'000	£'000	£'000	£'000
Bank loans	320	558	320	480
Deferred income	261	297	261	297
	<u>581</u>	<u>855</u>	<u>581</u>	<u>777</u>

The bank loans are repayable within 5 years.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Borrowings

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Bank loans	480	768	480	640
Payable within one year	160	210	160	160
Payable after one year	320	558	320	480

The Group and Company has a UK loan drawn under the Coronavirus Business Interruption Scheme, taken out in September 2020 to finance the purchase of machinery. The loan is repayable over 5 years and carries an interest rate of 3.07% over base rate; however the first year was interest free. This loan and other UK banking facilities are secured over the UK land and buildings.

The Group had a US dollar mortgage repayable in equal instalments over ten years from November 2014, with a fixed interest rate of 4.75%. It is secured over the US land and buildings. The loan was fully repaid in the year.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the Group and Company are:

	Liabilities 2022 £'000	Liabilities 2021 £'000
Group		
Accelerated capital allowances	322	383
Tax losses	-	(25)
Other timing differences	17	15
	<u>339</u>	<u>373</u>
	Liabilities 2022 £'000	Liabilities 2021 £'000
Company		
Accelerated capital allowances	322	383
Tax losses	-	(25)
Other timing differences	17	15
	<u>339</u>	<u>373</u>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

21 Deferred taxation (Continued)

	Group 2022 £'000	Company 2022 £'000
Movements in the year:		
Liability at 1 October 2021	373	373
Credit to profit or loss	(34)	(34)
Liability at 30 September 2022	<u>339</u>	<u>339</u>

The deferred tax liability set out above is expected to reverse in line with the useful life of the assets and relates to accelerated capital allowances that are expected to mature within the same period.

The deferred tax asset on tax losses is expected to reverse as future taxable profits arise.

The other timing differences are expected to reverse within 12 months and relate to unpaid pension contributions at the year end.

22 Retirement benefit schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Included in creditors at the year end is £67,000 (2021: £61,000) relating to unpaid pension contributions.

23 Share capital

	Group and Company			
	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>1,333</u>	<u>1,333</u>	<u>1,333</u>	<u>1,333</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

24 Reserves

Share premium

This reserve represents consideration for shares issued above their nominal value, net of transaction costs.

Profit and loss reserves

This reserve represents cumulative profit and loss less distributions to owners.

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

25 Cash generated from group operations

	2022 £'000	2021 £'000
Profit/(loss) for the year after tax	930	(955)
Adjustments for:		
Taxation charged/(credited)	152	(199)
Finance costs	29	23
Investment income	(12)	-
Gain on disposal of tangible fixed assets	(6)	(15)
Depreciation and impairment of tangible fixed assets	615	681
Foreign exchange gains on cash equivalents	107	(69)
Movements in working capital:		
(Increase)/decrease in stocks	(302)	698
(Increase)/decrease in debtors	(1,323)	3,368
Decrease in creditors	(530)	(1,450)
Increase/(decrease) in deferred income	644	(342)
Cash generated from operations	<u>304</u>	<u>1,740</u>

26 Analysis of changes in net funds - group

	1 October 2021 £'000	Cash flows £'000	Exchange rate movements £'000	30 September 2022 £'000
Cash at bank and in hand	6,372	1,044	(292)	7,124
Borrowings excluding overdrafts	(768)	288	-	(480)
	<u>5,604</u>	<u>1,332</u>	<u>(292)</u>	<u>6,644</u>

27 Operating lease commitments

Lessee

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

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Within one year	70	31	32	31
Between one and five years	98	34	52	34
	<u>168</u>	<u>65</u>	<u>84</u>	<u>65</u>

GILBERT GILKES & GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

27 Operating lease commitments (Continued)

Lessor

Assets held for rental comprise hydroelectric power generation equipment. Rentals received are entirely contingent upon revenue generated by schemes.

28 Related party transactions

Transactions with related parties

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

	Sales	
	2022	2021
	£'000	£'000
Group		
Entities with common ownership	259	294
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2022	2021
	Balance	Balance
	£'000	£'000
Group		
Entities with common ownership	1	41
	<u> </u>	<u> </u>

During the year, an amount of £18,000 (2021: £nil) due to an entity with common ownership has been fully provided for.

29 Controlling party

The Directors consider the ultimate parent undertaking to be Gilbert Gilkes & Gordon Holdings Limited.

Gilbert Gilkes & Gordon Holdings Limited is the immediate parent and the smallest and largest company for which consolidated accounts including Gilbert Gilkes & Gordon Limited are prepared. The consolidated accounts of Gilbert Gilkes & Gordon Holdings Limited are available from Companies House.

The Directors consider Mr CWN Crewdson and his wife Mrs VL Crewdson to be the ultimate controlling parties by virtue of their combined shareholding of 61% in the ultimate parent company.