

Company registration number 03257704 (England and Wales)

THE ENGINEERING TECHNOLOGY GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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THE ENGINEERING TECHNOLOGY GROUP LIMITED

COMPANY INFORMATION

Directors	J A Temple M J Doyle A Maher S M Brown G Thomas
Company number	03257704
Registered office	Wellesbourne Distribution Park Unit 16 Loxley Road Wellesbourne Warwickshire CV35 9JY
Auditor	Burgis & Bullock 23-25 Waterloo Place Leamington Spa Warwickshire CV32 5LA
Bankers	Santander Corporate Banking West Midlands Regional Business Centre 1 Cornwall Street Birmingham B3 2DX
Solicitors	BHW Solicitors 1 Smith Way Grove Park Enderby Leicestershire LE19 1SX

THE ENGINEERING TECHNOLOGY GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 33

THE ENGINEERING TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

2022 saw an exciting and significant change to the structure of the company. As a conclusion to a review of the whole groups trading activities all of the Groups distribution agreements for Machine Tools were transferred into this legal entity which was formally known as Chiron Werke UK Limited, now called The Engineering Technology Group Limited.

This consolidation of all brands under one company will streamline the back office functions of the business providing more time and resource to concentrate on delivering the Turnkey Solution we are so well known for across all products.

The change took effect on the 30th June 2022 and The Engineering Technology Group Limited acquired, at par, the trading assets and liabilities of its sister Machine Tool distributor businesses within the group.

The aftersales business offering spares, service support, and technical support will remain with ETG Engineering Solutions Limited.

As such, the enclosed 2022 results reflect an initial 6 months of activity of the year in its former guise of Chiron Werke UK Limited with the second 6 months of activity to include all Machine Tool brand sales. This naturally makes a direct comparison with the prior year more challenging to draw in a concise statement.

The Board are very satisfied with the result for the business as it reflects a profitability improvement and the final period relating to the emergence from the Covid period.

The Gross profit of 19.8% is a fair benchmark for the blend of machine sales in the year and across the two varying periods of business structure.

The overall increase in machine sales in 2022 was the key driver for the increase in Operating Profit.

The KPI's for the Company are Gross Margin, EBITDA, and PBT, all of which are at an acceptable level for this transitional period. The typical financial performance indicators and normal expectations that would be established for the business will be established in the next reporting period.

The final result for the year was a Profit Before Tax of £277,524, an improvement over the previous years Profit Before Tax of £1,312. This improvement is reflective of both the improved level of machine sales across all brands and of course the consolidation of businesses for the second half of the year.

Looking ahead it is acknowledged that 2022 included an element of pent up demand which was counterbalanced by machine lead-times being adversely impacted by raw material shortages and by various shipping issues requiring a global rebalancing of container availability. The orderbook moving into 2023 offers a small improvement for the year ahead, however there is evidence that demand is easing toward the end of 2022.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Review Continued

The impact of increasing interest rates is deterring investment in the short term for smaller business reliant on HP funding and larger business are keeping a close eye on global developments which is adding an element of investment inertia moving into 2023.

While 2023 is expected to be a more challenging year for the Company the board's confidence in the strength and depth of the product portfolio and its ability to adapt its Turnkey Solutions resource on to areas of demand across the group mean that it is satisfied that 2023 will offer a reasonable performance.

Principal Risks and Uncertainties

The principal short term risk and uncertainty continues to relate to the general economic environment. The ongoing war in the Ukraine, energy costs, and raw material prices are all having an impact on product costs and pricing. Whilst the issues are still valid current pricing has been adjusted and will take affect for new orders although due to the gestation period and lead-time of products the impact may not be seen until the middle of 2023 and into 2024. The longer term principal risks to the company remain the general fluctuations in the UK manufacturing economy as well as continued higher interest rates. These risks are mitigated by the parent group's ability to assign fewer or greater resources as necessary to the company to balance both the needs of the company and the group as a whole taking into consideration the market requirements.

Future Developments

The Directors are not expecting to make any significant changes in the nature of the business in the near future. Due to the dynamic structure of the group resources are allocated to the companies with demand. Going forward the trade of the company will continue to focus on the long term customer relationships across a number of industry sectors which suit the high technology, high productivity, multi axis machining centres offered.

On behalf of the board

M. Doyle

.....
Martin Doyle (Dec 22, 2023, 10:56am)

M J Doyle

Director 22 Dec 2023
.....

THE ENGINEERING TECHNOLOGY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of the sale and servicing of high speed, high technology multi-axis vertical machining centres.

Results and dividends

The results for the year are set out on page 9.

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

Directors

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

J A Temple
M J Doyle
A Maher
S M Brown
G Thomas

Auditor

The auditor, Burgis & Bullock, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

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

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

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of disclosure to auditor

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

On behalf of the board

M. Doyle

Martin Doyle (Dec 22, 2023, 10:56am)

M J Doyle

Director

22 Dec 2023

Date:

THE ENGINEERING TECHNOLOGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED

Opinion

We have audited the financial statements of The Engineering Technology Group Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Based on our understanding of the company and industry we identified that the principal risk of non-compliance with laws and regulations related to breaches of Companies Act 2006, UK Tax Legislation and UK Employment Law. We also evaluated management incentive and opportunities for fraudulent manipulations of the financial statements.

Audit procedures performed included:

- Reviewing returns made to Companies House and HMRC;
- Discussions with management, including consideration of known or suspected incidences of non-compliance with laws and regulation and fraud;
- Identifying and assessing the design effectiveness of controls in management have in place to prevent and detect fraud;
- Challenging assumptions and judgments made by management in their significant accounting estimates and assessing if these indicate evidence of management bias;
- Reviewing the accounting records for large and unusual journal entries and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Reviewing the accounting records for large and unusual bank payments and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Reviewing the accounting records for large and unusual transactions and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Testing a sample of debit entries in the profit and loss account to check they are bona-fide costs of the business; and
- Testing a sample of bank payments to source documentation.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

W A Hubbard

Wende Hubbard (Dec 22, 2023, 11:08am)

Wende Hubbard FCCA

Senior Statutory Auditor

For and on behalf of Burgis & Bullock

22nd December 2023

Date:

Chartered Accountants

Statutory Auditor

23-25 Waterloo Place
Leamington Spa
Warwickshire
CV32 5LA

THE ENGINEERING TECHNOLOGY GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	8,669,719	1,643,842
Cost of sales		(6,951,629)	(1,488,509)
Gross profit		1,718,090	155,333
Administrative expenses		(1,401,236)	(420,618)
Other operating income		417	330,417
Operating profit	5	317,271	65,132
Interest receivable and similar income	8	47	-
Interest payable and similar expenses	9	(39,794)	(63,820)
Profit before taxation		277,524	1,312
Tax on profit	10	-	80,856
Profit for the financial year		277,524	82,168

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
Notes	£	£	£	£	£
Fixed assets					
Tangible assets	11		318,300		179,604
Current assets					
Stocks	12	4,120,128		-	
Debtors	13	9,441,041		6,502,451	
Cash at bank and in hand		11,283		156,066	
		13,572,452		6,658,517	
Creditors: amounts falling due within one year	14	(12,004,798)		(5,311,424)	
Net current assets			1,567,654		1,347,093
Total assets less current liabilities			1,885,954		1,526,697
Creditors: amounts falling due after more than one year	15		(81,733)		-
Net assets			1,804,221		1,526,697
Capital and reserves					
Called up share capital	20		10,000		10,000
Capital redemption reserve			250		250
Profit and loss reserves			1,793,971		1,516,447
Total equity			1,804,221		1,526,697

The financial statements were approved by the board of directors and authorised for issue on 22 Dec 2023 and are signed on its behalf by:

M. Doyle

Martin Doyle (Dec 22, 2023, 10:56am)

M J Doyle
Director

Company Registration No. 03257704

A. Maher

Adam Maher (Dec 22, 2023, 10:53am)

A Maher
Director

THE ENGINEERING TECHNOLOGY GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital redemption £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021	10,000	250	1,434,279	1,444,529
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	82,168	82,168
Balance at 31 December 2021	10,000	250	1,516,447	1,526,697
Year ended 31 December 2022:				
Profit and total comprehensive income for the year	-	-	277,524	277,524
Balance at 31 December 2022	10,000	250	1,793,971	1,804,221

THE ENGINEERING TECHNOLOGY GROUP LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		94,243		(190,190)
Interest paid			(39,794)		(63,820)
Income taxes refunded			-		78,858
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			54,449		(175,152)
Investing activities					
Purchase of tangible fixed assets		(95,758)		(49,357)	
Interest received		47		-	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(95,711)		(49,357)
Financing activities					
Payment of finance leases obligations		(37,211)		(4,561)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(37,211)		(4,561)
Net decrease in cash and cash equivalents			(78,473)		(229,070)
Cash and cash equivalents at beginning of year			(335,026)		(105,956)
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			(413,499)		(335,026)
			<u> </u>		<u> </u>
Relating to:					
Cash at bank and in hand			11,283		156,066
Bank overdrafts included in creditors payable within one year			(424,782)		(491,092)
			<u> </u>		<u> </u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

The Engineering Technology Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

1.1 Accounting convention

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

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

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

The financial statements of the company are consolidated in the financial statements of The Engineering Technology Group Limited. These consolidated financial statements are available from its registered office, Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

1.2 Going concern

As highlighted in the Strategic Report, the end of 2022 saw the start of a more challenging period for the Group and the wider economy as customers facing the challenge of rising costs began to cut back on their investment and growth plans. As a consequence, after a positive first quarter in 2023, with customer activity reducing and the Group facing stock purchases which it had committed to during the more buoyant 2022, cashflow management once again became the focus for the management team.

Towards the end of this year the order book and pipeline have increased significantly, including a possible order for machines and installation which will also secure a long-term maintenance and support income stream for a number of years as well. This provides the Directors with confidence that, although the results for 2023 will not be as good as those for 2022, the forthcoming 12 months will see a recovery in activity levels.

The Directors have no reason to believe that their current funding and working capital arrangements will not be satisfied or continued and, as new orders also begin to be reflected in cash inflows, that the Company will not be able to meet its financial obligations as they fall due. Consequently, the financial statements continue to be prepared on a going concern basis of accounting.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

A forecast through to 2026 has been prepared which shows that the company and its wider Group are able to operate within their new banking facilities and covenant requirements with available headroom on the assumption that the return to profitability is maintained, and that current economic constraints do not worsen significantly. On this basis the directors are confident that the company will be able to continue to operate for the foreseeable future and that the going concern basis of preparation remains appropriate.

1.3 Turnover

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

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

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

Major turnkey contracts crossing the year end are recognised on a percentage completion basis as pre agreed milestones are met.

1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold improvements	Over the life of the lease
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

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

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

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

1.7 Cash and cash equivalents

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 Leases

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

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

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

1.15 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.

Government grants relating to turnover or expenditure are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Foreign exchange

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

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.17 Warranties

Provisions made for warranty costs are released to the profit and loss account over the period of the warranty.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Management charges

The company incurs a material amount of administrative overhead for shared resource which is relevant to other companies within the parents group. These expenses are allocated to other group companies on a fair and consistent basis as judged by the management of the company.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Machines and accessories	8,669,719	1,323,000
Spares	-	320,842
	<u>8,669,719</u>	<u>1,643,842</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue	(Continued)	
	2022	2021
	£	£
Turnover analysed by geographical market		
UK	8,050,884	1,633,955
Europe	586,007	9,887
Rest of World	32,828	-
	<u>8,669,719</u>	<u>1,643,842</u>
	2022	2021
	£	£
Other significant revenue		
Interest income	47	-
Grants received	-	330,417
	<u>-</u>	<u>330,417</u>
4 Other operating income		
	2022	2021
	£	£
Government grants		
Coronavirus Job Retention Scheme (CJRS)	-	330,417
	<u>-</u>	<u>330,417</u>
	<u>-</u>	<u>330,417</u>

The Coronavirus Job Retention Scheme (CJRS), is a government scheme set up to cover certain employment costs for employees who have been unable to work due to COVID-19.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(14,746)	421
Government grants	-	(330,417)
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	8,450
Depreciation of owned tangible fixed assets	77,294	68,839
Depreciation of tangible fixed assets held under finance leases	23,243	17,139
Loss on disposal of tangible fixed assets	7,144	-
Operating lease charges	381,307	388,211
	381,307	388,211

The majority of the overheads arising during the year for The Engineering Technology Group Limited and its subsidiaries have been paid by The Engineering Technology Group Limited.

The proportion of these overheads which relate to fellow group companies were then recharged to the respective companies at the end of the year.

6 Employees

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

	2022	2021
	Number	Number
Employees	54	38
	54	38

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,640,727	2,070,259
Social security costs	331,572	248,622
Pension costs	214,478	137,245
	3,186,777	2,456,126

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

The above employment costs reflect all employment contracts for The Engineering Technology Group Limited and its subsidiaries (excluding Hyfore Engineering Ltd). The proportion of employment costs which relate to fellow subsidiaries have been recharged to the relevant companies by way of a year end management charge which has been netted out in other administration expenses.

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	700,136	599,323
Company pension contributions to defined contribution schemes	28,045	26,320
	<u>728,181</u>	<u>625,643</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

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

	2022	2021
	£	£
Remuneration for qualifying services	<u>253,300</u>	<u>236,467</u>

The above directors remuneration reflects all the directors' employment contracts with the company. The proportion of directors employment costs which relate to fellow subsidiaries has been recharged to the relevant companies by way of a year end management charge which has been netted out in other administration expenses.

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Other interest income	47	-
	<u>47</u>	<u>-</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	34,969	25,365
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,825	38,455
	<u>39,794</u>	<u>63,820</u>

10 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	-	(78,858)
	<u>-</u>	<u>(78,858)</u>
Deferred tax		
Origination and reversal of timing differences	-	(6,039)
Changes in tax rates	-	1,449
Adjustment in respect of prior periods	-	2,592
	<u>-</u>	<u>(1,998)</u>
Total deferred tax	-	(1,998)
	<u>-</u>	<u>(1,998)</u>
Total tax charge/(credit)	-	(80,856)
	<u>-</u>	<u>(80,856)</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	277,524	1,312
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	52,730	249
Tax effect of expenses that are not deductible in determining taxable profit	6,141	2,944
Change in unrecognised deferred tax assets	14,373	2,978
Adjustments in respect of prior years	-	(78,858)
Effect of change in corporation tax rate	(3,449)	(715)
Group relief	-	(11,245)
Deferred tax adjustments in respect of prior years	-	2,592
Fixed asset differences	3,571	1,199
Other tax adjustments, reliefs and transfers	(73,366)	-
Taxation charge/(credit) for the year	-	(80,856)

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Short leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2022	122,361	449,690	221,551	289,762	1,083,364
Additions	10,876	123,026	34,474	70,236	238,612
Business combinations	-	7,765	-	-	7,765
Disposals	-	(7,144)	-	(11,311)	(18,455)
	<u>133,237</u>	<u>573,337</u>	<u>256,025</u>	<u>348,687</u>	<u>1,311,286</u>
Depreciation and impairment					
At 1 January 2022	54,932	406,210	165,381	277,237	903,760
Depreciation charged in the year	13,079	34,085	27,411	25,962	100,537
Eliminated in respect of disposals	-	-	-	(11,311)	(11,311)
	<u>68,011</u>	<u>440,295</u>	<u>192,792</u>	<u>291,888</u>	<u>992,986</u>
Carrying amount					
At 31 December 2022	<u>65,226</u>	<u>133,042</u>	<u>63,233</u>	<u>56,799</u>	<u>318,300</u>
At 31 December 2021	<u>67,429</u>	<u>43,480</u>	<u>56,170</u>	<u>12,525</u>	<u>179,604</u>

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

	2022	2021
	£	£
Plant and machinery	104,053	11,432
Computer equipment	44,847	-
	<u>148,900</u>	<u>11,432</u>
Depreciation charge for the year in respect of leased assets	<u>23,243</u>	<u>17,139</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Stocks		2022	2021
		£	£
Finished goods and goods for resale		4,120,128	-
		<u>4,120,128</u>	<u>-</u>
13 Debtors		2022	2021
		£	£
Amounts falling due within one year:			
Trade debtors		2,395,860	3,600
Amounts owed by group undertakings		6,659,907	6,289,466
Other debtors		61,014	61,014
Prepayments and accrued income		324,260	148,371
		<u>9,441,041</u>	<u>6,502,451</u>
		<u>9,441,041</u>	<u>6,502,451</u>
14 Creditors: amounts falling due within one year		2022	2021
	Notes	£	£
Bank loans and overdrafts	16	424,782	491,092
Obligations under finance leases	17	53,778	10,289
Trade creditors		3,723,657	185,826
Amounts owed to group undertakings		5,038,061	3,803,153
Taxation and social security		1,238,471	527,116
Government grants	18	5,004	-
Other creditors		88,680	62,304
Accruals and deferred income		1,432,365	231,644
		<u>12,004,798</u>	<u>5,311,424</u>
		<u>12,004,798</u>	<u>5,311,424</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	17	62,154	-
Government grants	18	19,579	-
		81,733	-
		81,733	-

16 Loans and overdrafts

	2022 £	2021 £
Bank overdrafts	424,782	491,092
	424,782	491,092
	424,782	491,092

The bank loans and overdrafts are secured by a debenture over all the assets and undertakings of the company, together with cross corporate guarantees with group companies The Engineering Technology Group Limited and all its subsidiaries.

17 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	53,778	10,289
In two to five years	62,154	-
	115,932	10,289
	115,932	10,289

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance lease liability is secured on the relevant assets.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Government grants

	2022	2021
	£	£
Arising from government grants	24,583	-
	<u>24,583</u>	<u>-</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	5,004	-
Non-current liabilities	19,579	-
	<u>24,583</u>	<u>-</u>

19 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	214,478	137,245
	<u>214,478</u>	<u>137,245</u>

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

At the year end, contributions amounting to £25,908 (2021 - £21,581) were payable and are included within other creditors.

20 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	10,000	10,000	10,000	10,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Acquisition

On 30 June 2022 the company acquired the business of the following fellow subsidiaries of ETG Holdings Ltd. As part of a group reorganisation: Turning Technologies UK Ltd, ETG Bridgeport Ltd, H K Technologies Ltd, HK 3D Solutions Ltd, HK Laser Services Ltd and H K (Holdings) Ltd.

	Fair Value £
Property, plant and equipment	7,765
Inventories	1,982,122
Trade and other receivables	692,351
Trade and other payables	(2,682,238)
	<hr/>
Total identifiable net assets	-
	<hr/>
Goodwill	-
	<hr/>
Total consideration	-
	<hr/> <hr/>
Satisfied by:	£
	<hr/>
Cash	-
	<hr/> <hr/>
Contribution by the acquired business for the reporting period since acquisition:	£
	<hr/>
Turnover	8,837,719
Profit after tax	1,729,741
	<hr/> <hr/>

22 Financial commitments, guarantees and contingent liabilities

An unlimited debenture has been given by the company in favour of the group's bankers in respect of loans and overdrafts due by group undertakings. The balance on other group companies' bank loans and overdrafts at the year end was £2,155,527 (2021 - £2,806,568)

A further debenture has been given by the company in respect of securing loan notes issued by the ultimate parent company to J Temple, a company director. The balance on these loan notes, including accrued interest, amounted to £500,000 (2021 - £500,000) at the year end

At 31 December 2022 the company had entered into short-term forward exchange contracts amounting to £309,925 (2021 - £575,745).

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for properties and motor vehicles.

The property lease has a term of ten years from 2020. The vehicle rentals are predominantly fixed for three years.

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

	2022	2021
	£	£
Within one year	271,958	329,894
Between two and five years	820,915	838,400
In over five years	528,864	715,522
	<u>1,621,737</u>	<u>1,883,816</u>

24 Directors' transactions

There is no fixed date for repayment on directors' loans.

Description	% Rate	Opening balance	Interest charged	Closing balance
		£	£	£
Directors Loan	2.50	46,048	-	46,048
		<u>46,048</u>	<u>-</u>	<u>46,048</u>

25 Parent company

The largest and smallest group within which the company are consolidated is the company's ultimate holding company, The Engineering Technology Group Limited whose registered office is Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	728,181	673,643

Transactions with related parties

Other information

Intercompany balances are repayable on demand.

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

27 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit for the year after tax	277,524	82,168
Adjustments for:		
Taxation charged/(credited)	-	(80,856)
Finance costs	39,794	63,820
Investment income	(47)	-
Loss on disposal of tangible fixed assets	7,144	-
Depreciation and impairment of tangible fixed assets	100,537	85,978
Movements in working capital:		
(Increase)/decrease in stocks	(2,138,006)	509
(Increase)/decrease in debtors	(2,246,239)	96,970
Increase/(decrease) in creditors	4,028,953	(393,979)
Increase/(decrease) in deferred income	24,583	(44,800)
Cash generated from/(absorbed by) operations	94,243	(190,190)

THE ENGINEERING TECHNOLOGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Analysis of changes in net debt

	1 January 2022 £	Cash flows £	New finance leases £	31 December 2022 £
Cash at bank and in hand	156,066	(144,783)	-	11,283
Bank overdrafts	(491,092)	66,310	-	(424,782)
	<u>(335,026)</u>	<u>(78,473)</u>	<u>-</u>	<u>(413,499)</u>
Obligations under finance leases	(10,289)	37,211	(142,854)	(115,932)
	<u>(345,315)</u>	<u>(41,262)</u>	<u>(142,854)</u>	<u>(529,431)</u>