

Company registration number 00423178 (England and Wales)

BLACKWOOD ENGINEERING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



BLACKWOOD ENGINEERING LIMITED

COMPANY INFORMATION

Directors	S Kerr D M Connor R Watkins L Jones
Company number	00423178
Registered office	Unit B Glandwr Industrial Estate Abertillery Gwent United Kingdom NP13 2LN
Auditor	Azets Audit Services Ty Derw, Lime Tree Court Cardiff Gate Business Park Cardiff United Kingdom CF23 8AB
Solicitors	Barnes Richard Rutter

BLACKWOOD ENGINEERING LIMITED

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BLACKWOOD ENGINEERING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report and financial statements for the year ended 31 December 2023.

Review of the business

The principal activity of the company is the global supply of quality castings and counterweights, manufactured in the Far East.

The company has three locations; Aberbeeg and Blaina in South Wales and Dilsen-Stokkem in Belgium.

Having seen a strong rebound following the covid pandemic, the global market demand for our core products was down by around 10% throughout 2023 and this trend has continued into 2024.

Our customers have informed us of a softening in the market for the remainder of 2024. Our forecast for the period September to December has decreased by 11% when compared to the forecasts we had in June.

Customers are continuing to see reduced demand for their products and the outlook for 2025 remains uncertain at this stage. The best indication we have is that 2025 will be similar to 2024, although we will have a better idea in the months ahead.

Blackwood operates within a challenging business environment, characterised by its mature market with intense cost pressures. Despite this, the company remains committed to its purpose to serve customers and all stakeholders in the best way possible by continuing to improve our business.

The business has experienced significant growth over the last decade and we're striving to continue this trajectory. To underpin our growth strategy, we set 3 principal focus areas for 2024, and good progress has been made in each of these areas;

1. Improving and increasing capacity at our UK Sites
2. Broadening our supply base
3. Upgrading and enhancing our ERP system

The ERP re-implementation has allowed us to review and streamline our core processes and to improve efficiencies.

Principal risks and uncertainties

The company's operations expose it to a variety of risks that include credit risk, liquidity risk and exchange rate risk. The company operates a risk programme that seeks to limit the adverse effects on the financial performance of the company.

The company trades predominantly in USD and utilises forward exchange contracts in order to mitigate against currency risk.

The company continues to strengthen its supply network and team in the Far East to improve our management of the inherent risks of quality and supply.

A key business risk is the cyclical nature of the industry and the increasingly competitive market and the company is making progress in developing new business opportunities.

The business is continuing to manage the effect of the global shipping crisis due to the troubles in the red sea.

BLACKWOOD ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

As a business, we continue to invest in both our UK and Belgium factories. We have now commenced the factory extension and new welfare facilities at our Blaina facility that will increase our factory space by 75%. Along with these flagship investments, working with our teams, we continue to strive to drive up the standards at all factories in terms of building and equipment, layout, efficiency and safety.

Decision making

Our plans are formulated to have a positive, beneficial impact on the group over the mid to long-term.

The Board takes into consideration the interests of stakeholder in their decision-making.

The board meets regularly to discuss key issues in the business and to continually keep strategic process under review.

Safety amongst employees remains a high-level priority with particular focus on minimising injuries and improving the working environment for all employees.

Engagement with employees

Our policy is to consult and discuss with employees, through unions where appropriate.

Information about matters of concern to employees are given through bi-monthly communication meeting, quarterly company-wide newsletter and reports which seek to achieve a common awareness across the business.

The performance management process is reviewed regularly. We believe our workforce are an important part of what makes our business successful, and we continually work closely with our employees and are always striving for better communication, we encourage and value feedback.

Engagement with suppliers, customers and others

The directors are committed to developing and maintaining strong relationships with the group's suppliers and customers.

Our strategies consider the impact of our operations on the community and environment, including how we comply with environmental legislation.

The group recognises the importance of its environmental responsibilities and accepts that concern for the environment and employees is an integral and fundamental part of its corporate business strategy.

BLACKWOOD ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Local community and environment

The company donates monthly to 'The Blackwood Trust', this was a trust set up to help local children charities within areas that the business operates. The directors look to support local sports clubs and schools where it can.

The company endeavours to reduce the environmental impact of its business activities and improve environmental efficiency through using the latest technologies and innovation. Initiatives include reducing the consumption of energy and other natural resources where possible.

Statement of corporate governance matters

The company believe that a strong commitment to strong corporate governance is essential element of enhancing long term shareholder value in a sustainable manner.

As a board of directors, our intention is always that the business operates in a responsible manner, adhering to high standards of business conduct and good governance. We recognise that our reputation founded on responsible behaviour, is fundamental to our continuing ability to achieve sustainable growth for the benefit of stakeholders.

Key performance indicators

Blackwood Engineering Ltd. uses financial and non-financial indicators to monitor its performance

Turnover	2023	2022
Turnover	73,568	76,485

Turnover has decreased 4% overall, demand was down by 10% on our core products.

The net book value of the company's tangible fixed assets had a net value of £4,207,554 (2022 £2,245,470). At the year end, the company balance sheet held net assets of £10,130,783 (2022 £5,779,212).

Promoting the success of the company

The following statement details the considerations required to be carried out by the directors in their performance of their duties in relation to s172 of the Companies Act 2006.

The Board of Directors consider that they have acted in ways that they believe in good faith to be most likely to promote the success of the company and the group for the benefit of its members as a whole.

The directors have had regard to the matters set out in section 172 (1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006.

- The likely consequences of any decision in the long-term;
- The interests of the group's employees;
- The need to foster the group's business relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment;
- The desirability of the group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the group.

On behalf of the board

D M Connor
Director

27 September 2024

BLACKWOOD ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company continued to be that of the distribution of engineering products.

Results and dividends

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

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:

S Kerr
D M Connor
R Watkins
L Jones

Auditor

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

Energy and carbon report

As the company has consumed more than 40,000 kWh of energy in this reporting period, therefore under these regulations is required to report on its emissions, energy consumption or energy efficiency activities.

This information has been collected for Blackwood only for Scope 1 and Scope 2 emissions (and Scope 3 only in respect of fuel used for company transport in employee-owned vehicles) as reliable data was available to establish these baselines. The company has initiated an action plan to develop a methodology that will reliably capture the Scope 3 emissions, which will depend on inputs from our entire value stream including third party suppliers, by year end of 2024.

Blackwood's Scope 1 direct and Scope 3 indirect emissions (combustion of natural gas, other fuels and transportation fuels) for this reporting year are 1,155.70 tCO₂e, resulting from the direct combustion of 6,022,774 kWh of fuel. This represents a carbon increase of 29.27% from last year, ending December 2022.

Scope 2 indirect emissions (purchased electricity) for this reporting year are 187.29 tCO₂e, resulting from the purchase and generation of 1,011,172 kWh of electricity consumed in day-to-day business operations. This represents a carbon reduction of 22.93% from last year, ending December 2022.

Blackwood's operations have an intensity metric of 7.95 tCO₂e per FTE for this reporting year. This represents an increase of 15.32% from last year, ending December 2022.

100% data coverage was achieved, with no estimations required.

	2023	2022
	kWh	kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	6,000,654	3,836,465
- Electricity purchased	1,011,172	1,043,901
- Fuel consumed for transport	22,119	-
	<hr/>	<hr/>
	7,033,945	4,880,366
	<hr/>	<hr/>

BLACKWOOD ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	metric tonnes	metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Natural gas and Other Fuels	987.51	894.00
- Fuel consumed for owned transport	162.95	-
Scope 2 - indirect emissions		
- Electricity purchased	187.29	243.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	5.24	-
Total gross emissions	1,342.99	1,137.00
<i>Intensity ratio</i>		
Tonnes CO2e per full-time employee	7.95	6.89

Quantification and reporting methodology

This report (including the Scope 1, 2 and 3 consumption and CO2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for the reporting period 01/01/2023 - 31/12/2023.

All consumption data for Blackwood Engineering Limited was complete for the reporting period. Therefore, no estimations were required.

Market-based emissions were calculated using supplier-specific emissions factors published by the energy suppliers. The UK electricity contracts are on brown tariffs (electricity generated using fossil fuels) rather than green energy tariffs; the Belgian electricity supplier generates energy from renewables.

Blackwood's Dilsen site in Belgium is fitted with solar panels. Over the reporting year, these panels have generated 4,523 kWh of electricity. Of this, 2,923 kWh was used in operations; the remainder was sold to the grid.

BLACKWOOD ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Measures taken to improve energy efficiency

Blackwood is committed to improving its operational energy efficiency year on year. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through FY2023:

Heating System Upgrades

Optimising Factory Operations to Reduce Heat Loss Measures

Electrification of On-site Transport

A core focus of Blackwood's energy efficiency measures for FY2023 was the electrification of its operational on-site transport. This represents a significant step towards reducing the company's overall emissions.

Improved Stock Management

Measures prioritised for implementation in FY2024:

Continuing Electrification

In FY2024, Blackwood aims to continue electrifying their operational vehicles through upgrades to their infrastructure and fleet.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

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

BLACKWOOD ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

On behalf of the board

D M Connor
Director

27 September 2024

BLACKWOOD ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLACKWOOD ENGINEERING LIMITED

Opinion

We have audited the financial statements of Blackwood Engineering Limited (the 'company') for the year ended 31 December 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

BLACKWOOD ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLACKWOOD ENGINEERING LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

BLACKWOOD ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLACKWOOD ENGINEERING LIMITED

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

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

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Yearsley FCCA
Senior Statutory Auditor
For and on behalf of Azets Audit Services

27 September 2024

Chartered Accountants
Statutory Auditor

Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

BLACKWOOD ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	73,567,696	76,485,095
Cost of sales		(62,924,586)	(67,729,652)
		<hr/>	<hr/>
Gross profit		10,643,110	8,755,443
Administrative expenses		(4,283,513)	(4,171,013)
Other operating income		484,629	331,751
Exceptional expenses	4	-	(358,744)
		<hr/>	<hr/>
Operating profit	5	6,844,226	4,557,437
Interest receivable and similar income	8	15,227	-
Interest payable and similar expenses	9	(1,123,390)	(1,341,772)
		<hr/>	<hr/>
Profit before taxation		5,736,063	3,215,665
Tax on profit	10	(1,384,492)	(734,702)
		<hr/>	<hr/>
Profit for the financial year		4,351,571	2,480,963
		<hr/> <hr/>	<hr/> <hr/>

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

BLACKWOOD ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Profit for the year	4,351,571	2,480,963
Other comprehensive income	-	-
Total comprehensive income for the year	<u>4,351,571</u>	<u>2,480,963</u>

BLACKWOOD ENGINEERING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		4,207,554		2,245,470
Current assets					
Stocks	13	13,049,739		19,782,120	
Debtors	14	16,311,598		16,621,582	
Cash at bank and in hand		3,059,743		889,352	
		<u>32,421,080</u>		<u>37,293,054</u>	
Creditors: amounts falling due within one year	15	<u>(11,508,655)</u>		<u>(19,264,480)</u>	
Net current assets			<u>20,912,425</u>		<u>18,028,574</u>
Total assets less current liabilities			<u>25,119,979</u>		<u>20,274,044</u>
Creditors: amounts falling due after more than one year	16		<u>(14,300,151)</u>		<u>(14,100,001)</u>
Provisions for liabilities					
Deferred tax liability	18	689,045		394,831	
		<u>(689,045)</u>		<u>(394,831)</u>	
Net assets			<u>10,130,783</u>		<u>5,779,212</u>
Capital and reserves					
Called up share capital	20		18,300		18,300
Profit and loss reserves			10,112,483		5,760,912
Total equity			<u>10,130,783</u>		<u>5,779,212</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2024 and are signed on its behalf by:

D M Connor
Director

Company Registration No. 00423178

BLACKWOOD ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	18,300	3,279,949	3,298,249
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	2,480,963	2,480,963
Balance at 31 December 2022	<u>18,300</u>	<u>5,760,912</u>	<u>5,779,212</u>
Year ended 31 December 2023:			
Profit and total comprehensive income for the year	-	4,351,571	4,351,571
Balance at 31 December 2023	<u><u>18,300</u></u>	<u><u>10,112,483</u></u>	<u><u>10,130,783</u></u>

BLACKWOOD ENGINEERING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	7,041,704		1,821,221	
Interest paid		(1,123,390)		(1,341,772)	
Income taxes paid		(993,080)		(9,151)	
Net cash inflow from operating activities		4,925,234		470,298	
Investing activities					
Purchase of tangible fixed assets		(2,458,048)		(1,293,394)	
Proceeds from disposal of tangible fixed assets		24,689		-	
Proceeds from disposal of investments		-		358,744	
Repayment of loans		(17,481)		254,550	
Interest received		15,227		-	
Net cash used in investing activities		(2,435,613)		(680,100)	
Financing activities					
Repayment of borrowings		200,150		1,060,708	
Repayment of derivatives		(519,380)		(201,188)	
Net cash (used in)/generated from financing activities		(319,230)		859,520	
Net increase in cash and cash equivalents		2,170,391		649,718	
Cash and cash equivalents at beginning of year		889,352		239,634	
Cash and cash equivalents at end of year		3,059,743		889,352	

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Blackwood Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit B, Glandwr Industrial Estate, Abertillery, Gwent, United Kingdom, NP13 2LN.

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 presentational currency of the company. The functional currency is considered to be US Dollars (\$). Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered facilities that are in place at the date of signing the report.

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when the sales are physically delivered to the customer.

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

1.4 Tangible fixed assets

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

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

Land and buildings Freehold	10 - 25% on cost
Plant and machinery	10 - 25% on cost
Fixtures, fittings & equipment	10 - 25% on cost
Computer equipment	10 - 25% on cost
Motor vehicles	10 - 25% on cost

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.

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies, 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 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.

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.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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.

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

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.

1.13 Retirement benefits

The company makes contributions to a defined contribution pension plan on behalf of its employees. The pension plan is available to all employees. The pension costs charged to the profit and loss account represents contributions paid during the period.

1.14 Leases

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

1.15 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.

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Foreign exchange

The company usually transacts in US dollars and as such any movements in exchange rate can have an impact upon the company. The company aim to minimise these with the use of forward contracts. While the directors aim to mitigate against fluctuations this is a key area that can affect the financial statements.

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods	73,567,696	76,485,095
	<u>73,567,696</u>	<u>76,485,095</u>

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	50,021,327	50,027,600
European Union	20,756,311	23,620,677
Rest of World	2,790,058	2,836,818
	<u>73,567,696</u>	<u>76,485,095</u>

	2023	2022
	£	£
Other revenue		
Interest income	15,227	-
	<u>15,227</u>	<u>-</u>

4 Exceptional item

	2023	2022
	£	£
Expenditure		
Exceptional expenses	-	358,744
	<u>-</u>	<u>358,744</u>

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

(Continued)

4 Exceptional item

Exceptional costs

In the prior year an impairment of £358,744 was accounted for in relation to the company's investment in Hebei Famed Blackwood Machinery Manufacturing Co, Ltd.

5 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(648,299)	(3,363,166)
Fees payable to the company's auditor for the audit of the company's financial statements	30,250	27,500
Depreciation of owned tangible fixed assets	470,712	262,830
Loss on disposal of tangible fixed assets	563	11,948
Operating lease charges	392,867	346,118
	<u> </u>	<u> </u>

6 Employees

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

	2023	2022
	Number	Number
Administration	67	68
Production	102	97
Total	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	5,505,430	4,471,932
Social security costs	412,221	356,999
Pension costs	271,560	233,101
	<u> </u>	<u> </u>
	<u>6,189,211</u>	<u>5,062,032</u>

7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	422,613	374,810
Company pension contributions to defined contribution schemes	35,567	56,655
	<u> </u>	<u> </u>
	<u>458,180</u>	<u>431,465</u>

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Directors' remuneration

(Continued)

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

	2023 £	2022 £
Remuneration for qualifying services	114,412	105,829

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Other interest income	15,227	-

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	15,227	-

9 Interest payable and similar expenses

	2023 £	2022 £
Other finance costs:		
Other interest	1,123,390	1,341,772

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	1,090,047	461,579
Adjustments in respect of prior periods	(17,346)	-
Total current tax	1,072,701	461,579
Deferred tax		
Origination and reversal of timing differences	311,791	273,123
Total tax charge	1,384,492	734,702

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Taxation

(Continued)

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

	2023 £	2022 £
Profit before taxation	5,736,063	3,215,665
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	1,349,122	610,976
Tax effect of expenses that are not deductible in determining taxable profit	10,143	69,629
Adjustments in respect of prior years	17,346	4,799
Rate changes	11,786	94,759
Enhanced super deduction	(3,905)	(45,461)
Taxation charge for the year	1,384,492	734,702

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

	Land and buildings Freehold	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2023	652,894	82,937	2,714,109	325,132	64,965	12,995	3,853,032
Additions	378,933	780,969	1,212,913	59,818	25,415	-	2,458,048
Disposals	(15,197)	-	(86,881)	(8,234)	-	-	(110,312)
Transfers	-	(80,437)	80,437	-	-	-	-
At 31 December 2023	1,016,630	783,469	3,920,578	376,716	90,380	12,995	6,200,768
Depreciation and impairment							
At 1 January 2023	62,295	-	1,220,732	286,213	38,012	310	1,607,562
Depreciation charged in the year	79,700	-	353,027	20,403	15,724	1,858	470,712
Eliminated in respect of disposals	(3,053)	-	(73,773)	(8,234)	-	-	(85,060)
At 31 December 2023	138,942	-	1,499,986	298,382	53,736	2,168	1,993,214
Carrying amount							
At 31 December 2023	877,688	783,469	2,420,592	78,334	36,644	10,827	4,207,554
At 31 December 2022	590,599	82,937	1,493,377	38,919	26,953	12,685	2,245,470

12 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	921,847	402,467

13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	13,049,739	19,782,120

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	10,795,752	15,300,865
Corporation tax recoverable	-	153,826
Derivative financial instruments	921,847	402,467
Other debtors	3,686,534	438,272
Prepayments and accrued income	907,465	326,152
	<u>16,311,598</u>	<u>16,621,582</u>

Included within other debtors is £3,294,743 (2022: £0) in relation to balances available for draw down on the company's invoice discounting facility at the year end.

15 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	315,721	932,324
Amounts owed to group undertakings	761,157	761,157
Corporation tax	404,951	461,579
Other taxation and social security	1,439,856	1,359,698
Other creditors	2,216,144	7,113,394
Accruals and deferred income	6,370,826	8,636,328
	<u>11,508,655</u>	<u>19,264,480</u>

Included within other creditors is £nil (2022: £5,303,273) in relation to amounts which the company has drawn down on from the company's invoice discounting facility. The facility is secured by a fixed charge over the invoices for which they relate to.

16 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Other borrowings	17	<u>14,300,151</u>	<u>14,100,001</u>

17 Loans and overdrafts

	2023	2022
	£	£
Other loans	<u>14,300,151</u>	<u>14,100,001</u>
Payable after one year	<u>14,300,151</u>	<u>14,100,001</u>

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Loans and overdrafts

(Continued)

Included within the above other long-term loans are loans held with a director and close connected parties. See note 24. All loans are unsecured and there are no repayment terms.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
ACAs	689,045	402,097
Other short term timing differences	-	(7,266)
	<u>689,045</u>	<u>394,831</u>
		2023
		£
Movements in the year:		
Liability at 1 January 2023		394,831
Charge to profit or loss		294,214
		<u>689,045</u>

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

19 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	271,560	233,101
	<u>271,560</u>	<u>233,101</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.

20 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	18,300	18,300	18,300	18,300
	<u>18,300</u>	<u>18,300</u>	<u>18,300</u>	<u>18,300</u>

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

21 Financial commitments, guarantees and contingent liabilities

A debenture is held including fixed charge over all present freehold and leasehold property; First fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First floating charge over all assets and undertakings both present and future dated 1 May 2015.

The company has a guarantee dated 31 January 2017 in favour of HMRC for £20,000.

A fixed charge on non-vesting debts and a floating charge which covers all the property and undertaking of the company dated 25 March 2019.

A legal assignment of trade debtors balance is held dated 29 July 2019.

22 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	180,000	180,000
Between two and five years	16,274	196,274
	<u>196,274</u>	<u>376,274</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	512,416	480,415
	<u>512,416</u>	<u>480,415</u>

Transactions with related parties

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

	Purchases 2023	Purchases 2022
	£	£
Other related parties	28,461,658	26,262,441
	<u>28,461,658</u>	<u>26,262,441</u>

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Related party transactions

(Continued)

	Rent		Commission	
	2023	2022	2023	2022
	£	£	£	£
Other related parties	567,242	536,556	2,026,418	2,510,788

	2023	2022
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	761,157	761,157
Other related parties	4,680,105	6,718,535

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due from related parties		
Other related parties	392,241	409,722

Other information

The following transactions have also been entered during the year.

With regards to amounts owed to other related parties there was payment of interest £218,781 (2022: £288,392).

There have been management charges received of £10,000 during the year and interest on loans to other related parties of £15,277.

24 Directors' transactions

During the period, the following director and close connected party loan accounts were outstanding, held within long term loans:

Description	% Rate	Opening balance	Amounts advanced	Interest charged	Amounts repaid	Closing balance
		£	£	£	£	£
Conprop Limited	6.00	1,500,000	-	28,084	(1,528,084)	-
Connor Family	7.20	12,600,017	13,775,000	824,396	(12,899,412)	14,300,001
		14,100,017	13,775,000	852,480	(14,427,496)	14,300,001

BLACKWOOD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

25 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	4,351,571	2,480,963
Adjustments for:		
Taxation charged	1,384,492	734,702
Finance costs	1,123,390	1,341,772
Investment income	(15,227)	-
Loss on disposal of tangible fixed assets	563	11,948
Depreciation and impairment of tangible fixed assets	470,712	262,830
Movements in working capital:		
Decrease in stocks	6,732,381	406,585
Decrease/(increase) in debtors	693,019	(4,462,370)
(Decrease)/increase in creditors	(7,699,197)	1,044,791
Cash generated from operations	<u>7,041,704</u>	<u>1,821,221</u>

26 Analysis of changes in net debt

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	889,352	2,170,391	3,059,743
Borrowings excluding overdrafts	(14,100,001)	(200,150)	(14,300,151)
	<u>(13,210,649)</u>	<u>1,970,241</u>	<u>(11,240,408)</u>