

COMPANY REGISTRATION NUMBER: 01179371

A F SWITCHGEAR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



LANGARD LIFFORD HALL LIMITED

Accountants and Statutory Auditors

Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

A F SWITCHGEAR LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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A F SWITCHGEAR LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

I H Foster
R Thompson
M S Slack
M A Nutt (Appointed 1 January 2023)

Company secretary

M S Slack

Registered office

Nunn Brook Road
Sutton-in-Ashfield
Nottinghamshire
NG17 2HU

Auditor

Langard Lifford Hall Limited
Accountants and Statutory Auditors
Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

Bankers

HSBC Bank Plc
1 King Street
Alfreton
Derbyshire
DE55 7DB

A F SWITCHGEAR LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022

The company's statement of financial position as detailed on page 10 shows a satisfactory position, with shareholder's funds amounting to £12,092,121.

The company has seen increased turnover and profitability during the year ended 2022, with pre-tax profits of above £2.5m. The directors continue to monitor ongoing trading conditions.

The company's key financial performance indicators during the year are as follows:

	2022 (£000)	2021 (£000)
	£	£
Turnover	50,815	37,891
Gross profit %	22	22
Profit on ordinary activities before tax	2,556	1,920
Shareholder's funds	12,092	9,978

Financial risk management objectives and policies

The directors continually review the risks to the company but believe that the quality of the company's products and customer service will mitigate these risks, resulting in continued growth and satisfactory trading performance.

Future developments

The directors intend to consolidate the company's position with regards to its traditional core business, whilst continuing to promote its bespoke busbar systems.

This report was approved by the board of directors on 19 July 2023 and signed on behalf of the board by:



M S Slack
 Director

Registered office:
 Nunn Brook Road
 Sutton-in-Ashfield
 Nottinghamshire
 NG17 2HU

A F SWITCHGEAR LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2022

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

Directors

The directors who served the company during the year were as follows:

I H Foster
R Thompson
M S Slack

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 19 July 2023 and signed on behalf of the board by:



M S Slack
Director

Registered office:
Nunn Brook Road
Sutton-in-Ashfield
Nottinghamshire
NG17 2HU

A F SWITCHGEAR LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the strategic report, 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 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

A F SWITCHGEAR LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
A F SWITCHGEAR LIMITED
YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of A F Switchgear Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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;
- 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. 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.

A F SWITCHGEAR LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
A F SWITCHGEAR LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2022

Other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

A F SWITCHGEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF A F SWITCHGEAR LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2022

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:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and where relevant testing of the operating effectiveness of management's controls designed to prevent and detect fraud in financial reporting;
- Review of minutes from board meetings; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to supplier rebates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Lang, Lifford Hall Limited

K S Chambers (Senior Statutory Auditor)
For and on behalf of
Langard Lifford Hall Limited
Accountants and Statutory Auditors
Lifford Hall, Lifford Lane
Kings Norton
Birmingham B30 3JN

19 July 2023

A F SWITCHGEAR LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	50,814,823	37,890,914
Cost of sales		<u>39,518,711</u>	29,486,808
Gross profit		11,296,112	8,404,106
Administrative expenses		8,728,450	6,474,746
Other operating income	5	-	3,067
Operating profit	6	2,567,662	1,932,427
Income from shares in group undertakings	10	350,000	-
Other interest receivable and similar income	11	4,828	452
Interest payable and similar expenses	12	16,701	13,055
Profit before taxation		<u>2,905,789</u>	1,919,824
Tax on profit	13	439,634	280,387
Profit for the financial year and total comprehensive income		<u><u>2,466,155</u></u>	<u><u>1,639,437</u></u>
Dividends paid and payable	14	(2,250,000)	(1,500,000)
Retained earnings at the start of the year		<u>9,972,614</u>	9,833,177
Retained earnings at the end of the year		<u><u>10,188,769</u></u>	<u><u>9,972,614</u></u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

A F SWITCHGEAR LIMITED
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Note	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	16		154,337		209,447
Investments	17		10		10
			<u>154,347</u>		<u>209,457</u>
Current assets					
Stocks	18	6,265,926		3,236,013	
Debtors	19	15,175,981		10,022,149	
Cash at bank and in hand		3,813,007		6,059,188	
		<u>25,254,914</u>		<u>19,317,350</u>	
Creditors: amounts falling due within one year	20	<u>14,566,975</u>		<u>9,182,355</u>	
Net current assets			<u>10,687,939</u>		<u>10,134,995</u>
Total assets less current liabilities			<u>10,842,286</u>		<u>10,344,452</u>
Creditors: amounts falling due after more than one year	21		<u>648,517</u>		<u>366,838</u>
Net assets			<u>10,193,769</u>		<u>9,977,614</u>
Capital and reserves					
Called up share capital	24		5,000		5,000
Profit and loss account	25		10,188,769		9,972,614
Shareholder funds			<u>10,193,769</u>		<u>9,977,614</u>

These financial statements were approved by the board of directors and authorised for issue on 19 July 2023, and are signed on behalf of the board by:



M S Slack
 Director

Company registration number: 01179371

The notes on pages 11 to 22 form part of these financial statements.

A F SWITCHGEAR LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	2,466,155	1,639,437
<i>Adjustments for:</i>		
Depreciation of tangible assets	73,303	64,018
Government grant income	-	(3,067)
Income from shares in group undertakings	(350,000)	-
Other interest receivable and similar income	(4,828)	(452)
Interest payable and similar expenses	16,701	13,055
Gains on disposal of tangible assets	-	(1,613)
Tax on profit	439,634	280,387
Accrued expenses	229,284	71,229
<i>Changes in:</i>		
Stocks	(3,029,913)	(569,527)
Trade and other debtors	(5,153,832)	98,492
Trade and other creditors	2,511,741	(981,825)
Cash generated from operations	(2,801,755)	610,134
Interest paid	(16,701)	(13,055)
Interest received	4,828	452
Tax paid	(320,592)	(346,520)
Net cash (used in)/ from operating activities	<u>(3,134,220)</u>	<u>251,011</u>
Cash flows from investing activities		
Purchase of tangible assets	(179,554)	(670,510)
Proceeds from sale of tangible assets	161,361	500,417
Proceeds from sale of subsidiaries	-	100
Dividends received	350,000	-
Net cash from/(used in) investing activities	<u>331,807</u>	<u>(169,993)</u>
Cash flows from financing activities		
Proceeds from borrowings	282,118	346,000
Repayments of borrowings	-	(216,192)
Proceeds from loans from group undertakings	2,526,803	169,841
Government grant income	-	3,067
Payments of finance lease liabilities	(2,689)	(8,038)
Dividends paid	(2,250,000)	(1,500,000)
Net cash from/(used in) financing activities	<u>556,232</u>	<u>(1,205,322)</u>
Net decrease in cash and cash equivalents	(2,246,181)	(1,124,304)
Cash and cash equivalents at beginning of year	6,059,188	7,183,492
Cash and cash equivalents at end of year	<u>3,813,007</u>	<u>6,059,188</u>

The notes on pages 11 to Error! Bookmark not defined. form part of these financial statements.

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Nunn Brook Road, Sutton-in-Ashfield, Nottinghamshire, NG17 2HU.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account represents the realisable value of goods and services rendered during the year, net of discounts and exclusive of Value Added Tax.

Income tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date.

Deferred tax is measured on an undiscounted basis at tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - 10 - 33.3% Straight line
Motor vehicles - 20 - 32.5% Reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

A F SWITCHGEAR LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****3. Accounting policies** *(continued)***Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	<u>50,814,823</u>	<u>37,890,914</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	50,415,710	37,854,197
Overseas	399,113	36,717
	<u>50,814,823</u>	<u>37,890,914</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2022

5. Other operating income	2022	2021
	£	£
Government grant income	<u>-</u>	<u>3,067</u>
6. Operating profit	2022	2021
Operating profit or loss is stated after charging/crediting:	£	£
Depreciation of tangible assets	73,303	64,018
Gains on disposal of tangible assets	-	(1,613)
Impairment of trade debtors	447,031	(7,548)
Foreign exchange differences	<u>2,472</u>	<u>751</u>
7. Auditor's remuneration	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>20,000</u>	<u>18,000</u>
8. Staff costs		
The average number of persons employed by the company during the year, including the directors, amounted to:	2022	2021
	No.	No.
Production staff	94	81
Number of other staff	85	72
	<u>179</u>	<u>153</u>
The aggregate payroll costs incurred during the year, relating to the above, were:	2022	2021
	£	£
Wages and salaries	<u>10,362,385</u>	<u>7,878,754</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	848,062	601,542
Company contributions to defined contribution pension plans	57,791	62,214
	<u>905,853</u>	<u>663,756</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	<u>3</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	591,786	210,347
Company contributions to defined contribution pension plans	15,732	22,794
	<u>607,518</u>	<u>233,141</u>

10. Income from shares in group undertakings

	2022	2021
	£	£
Dividends from group undertakings	<u>350,000</u>	<u>-</u>

11. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>4,828</u>	<u>452</u>

12. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	<u>16,701</u>	<u>13,055</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2022

13. Tax on profit**Major components of tax expense**

	2022	2021
	£	£
Current tax:		
UK current tax expense	526,331	280,387
Adjustments in respect of prior periods	(86,697)	-
Total current tax	<u>439,634</u>	<u>280,387</u>
Tax on profit	<u>439,634</u>	<u>280,387</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Profit on ordinary activities before taxation	<u>2,905,789</u>	<u>1,919,824</u>
Profit on ordinary activities by rate of tax	485,599	364,767
Adjustment to tax charge in respect of prior periods	(86,697)	-
Effect of expenses not deductible for tax purposes	31,595	14,029
Effect of capital allowances and depreciation	9,137	(31,116)
Utilisation of tax losses	-	(67,293)
Tax on profit	<u>439,634</u>	<u>280,387</u>

14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022	2021
	£	£
Final dividends paid on ordinary shares	<u>2,250,000</u>	<u>1,500,000</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

15. Intangible assets

	Development costs £
Cost	
At 1 January 2022 and 31 December 2022	3,247
Amortisation	
At 1 January 2022 and 31 December 2022	3,247
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

16. Tangible assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2022	288,326	313,217	601,543
Additions	161,361	18,193	179,554
Disposals	(170,033)	-	(170,033)
At 31 December 2022	<u>279,654</u>	<u>331,410</u>	<u>611,064</u>
Depreciation			
At 1 January 2022	285,326	106,770	392,096
Charge for the year	3,000	70,303	73,303
Disposals	(8,672)	-	(8,672)
At 31 December 2022	<u>279,654</u>	<u>177,073</u>	<u>456,727</u>
Carrying amount			
At 31 December 2022	-	154,337	154,337
At 31 December 2021	<u>3,000</u>	<u>206,447</u>	<u>209,447</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 December 2022	-
At 31 December 2021	<u>8,587</u>

Capital commitments

	2022 £	2021 £
Contracted for but not provided for in the financial statements	-	<u>21,342</u>

A F SWITCHGEAR LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2022

17. Investments

	Shares in group undertakings £
Cost	
At 1 January 2022 and 31 December 2022	10
Impairment	
At 1 January 2022 and 31 December 2022	-
Carrying amount	
At 31 December 2022	10
At 31 December 2021	10

18. Stocks

	2022	2021
	£	£
Raw materials and consumables	3,123,304	1,148,852
Work in progress	3,142,622	2,087,161
	<u>6,265,926</u>	<u>3,236,013</u>

19. Debtors

	2022	2021
	£	£
Trade debtors	12,546,600	8,895,282
Amounts owed by group undertakings	-	469,942
Prepayments and accrued income	2,581,427	443,683
Other debtors	47,954	213,242
	<u>15,175,981</u>	<u>10,022,149</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

20. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	223,294	222,855
Trade creditors	9,528,562	7,047,912
Amounts owed to group undertakings	3,181,005	654,202
Accruals and deferred income	1,296,122	1,066,838
Corporation tax	146,430	27,388
Social security and other taxes	191,562	160,471
Obligations under finance leases and hire purchase contracts	-	2,689
	14,566,975	9,182,355

Bank and other borrowing

The aggregate amount of secured liabilities falling due within one year amounted to £223,294 at the balance sheet date (2021: £225,544).

The bank borrowing is secured by fixed and floating debenture charges against the company's assets and against the freehold property owned by A.F. Switchgear (Holdings) Limited. There is also a multilateral guarantee in place between A.F. Switchgear (Holdings) Limited, A F Switchgear Limited, A F Fabrications Limited, Preedcrete Limited and VAR Services Limited in favour of HSBC Bank plc.

21. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	648,517	366,838

Bank and other borrowing

The aggregate amount of secured liabilities falling due after more than one year amounted to £648,517 at the balance sheet date (2021: £366,838).

The bank borrowing is secured by fixed and floating debenture charges against the company's assets and against the freehold property owned by A.F. Switchgear (Holdings) Limited. There is also a multilateral guarantee in place between A.F. Switchgear (Holdings) Limited, A F Switchgear Limited, A F Fabrications Limited, Preedcrete Limited and VAR Services Limited in favour of HSBC Bank plc.

22. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022	2021
	£	£
Not later than 1 year	-	2,689

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	-	3,067

24. Called up share capital

Authorised share capital

	2022		2021	
	No.	£	No.	£
Ordinary "A" shares of £1 each	2,500	2,500	2,500	2,500
Ordinary "B" shares of £1 each	2,500	2,500	2,500	2,500
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary "A" shares of £1 each	2,500	2,500	2,500	2,500
Ordinary "B" shares of £1 each	2,500	2,500	2,500	2,500
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	6,059,188	(2,246,181)	3,813,007
Debt due within one year	(879,746)	(2,524,553)	(3,404,299)
Debt due after one year	(366,838)	(281,679)	(648,517)
	<u>4,812,604</u>	<u>(5,052,413)</u>	<u>(239,809)</u>

A F SWITCHGEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	277,565	325,297
Later than 1 year and not later than 5 years	580,976	756,093
Later than 5 years	-	100,000
	<u>858,541</u>	<u>1,181,390</u>

28. Related party transactions**Control relationships**

The company is controlled by I H Foster by way of his directorship and shareholding in the parent company.

29. Controlling party

The ultimate parent company is A.F. Switchgear (Holdings) Limited, a company registered in England and Wales.