

Company registration number 01364071 (England and Wales)

**IVOR SEARLE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2023**

# IVOR SEARLE LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Mrs J M Searle Mr D Eszenyi Mrs K I Hemmingfield
<b>Secretary</b>	Mrs K I Hemmingfield
<b>Company number</b>	01364071
<b>Registered office</b>	2 Regal Lane Soham Ely CB7 5BA
<b>Auditor</b>	Ensors Accountants LLP Victory House Vision Park Chivers Way Histon CB24 9ZR
<b>Bankers</b>	Handelsbanken Cambridge Business Park Cowley Road Cambridge CB4 0WZ
<b>Solicitors</b>	Taylor Vinters Solicitors Merlin Place Milton Road Cambridge CB4 0DP

---

# **IVOR SEARLE LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	9
Statement of changes in equity	8
Statement of cash flows	10
Notes to the financial statements	11 - 24

---

# **IVOR SEARLE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MAY 2023**

---

The directors present the strategic report for the year ended 31 May 2023.

#### **Fair review of the Business**

The directors are satisfied with the financial performance of the company for the year. Turnover has increased from £15.0m to £16.1m in the current year. Gross profit has also increased from £4.8m to £5.4m, and profit before tax has increased from £1.5m to £1.8m in the year.

Net assets of the company have reduced from £4.5m to £2.1m due to shares buy-back from a previous shareholder.

#### **Principal risks and uncertainties**

The business is exposed to a number of risks and uncertainties. The directors believe that the principal risks are:

- Deterioration of the credit worthiness of customers;
- Loss, or significant disruption in the trading ability, of a major customer;
- Loss of key personnel.

Policies are in place to monitor and manage each of these risks, including credit insurance.

#### **Development and performance**

The directors consider that the financial position of the company remains strong. The company continues to maintain a strong balance sheet, albeit that net current assets have fallen to £2.1m compared to £4.2m in the prior year.

The strong sales have continued from the last financial year. Increasing production has been a key focus to help keep up with demand, increase stock levels and reduce lead times. Recruitment has been critical to achieve this along with maintaining high levels of efficiency and quality. The directors are pleased with the performance moving forward.

#### **Key performance indicators**

The key performance indicators for the year together with comparatives are:

Turnover £16.1m (2022: £15.0m)  
Gross profit £5.5m (2022: £4.8m)  
Gross profit percentage 33.97% (2022: 31.81%)

The directors are satisfied with the results this year.

On behalf of the board

Mrs K I Hemmingfield  
**Director**

15 December 2023

# **IVOR SEARLE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2023**

---

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

#### **Principal activities**

The principal activity of the company continued to be that of precision engineering, providing remanufacturing of engines, cylinder heads, gearboxes and turbos.

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £250,000. The directors do not recommend payment of a further dividend.

#### **Directors**

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

Mrs J M Searle

Mr C A Searle

(Resigned 13 March 2023)

Mr D Eszenyi

Mr A C Searle

(Resigned 17 October 2022)

Mrs K I Hemmingfield

#### **Financial instruments**

##### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

##### ***Credit risk***

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Ensors Accountants LLP be reappointed as auditor of the company will be put at a General Meeting.

# **IVOR SEARLE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2023**

---

### **Statement of directors' responsibilities**

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

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

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

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

### **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.

### **Medium-sized companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Mrs K I Hemmingfield  
**Director**

15 December 2023

# IVOR SEARLE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF IVOR SEARLE LIMITED

---

#### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 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.

# **IVOR SEARLE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF IVOR SEARLE 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.

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.

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

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

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

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.



## **IVOR SEARLE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF IVOR SEARLE LIMITED**

---

#### **Use of our report**

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

**Jayson Lawson**  
**Senior Statutory Auditor**  
**For and on behalf of Ensors Accountants LLP**

15 December 2023

**Chartered Accountants**  
**Statutory Auditor**

Victory House  
Vision Park  
Chivers Way  
Histon  
CB24 9ZR

# IVOR SEARLE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	2022 £
Turnover	3	16,154,349	15,034,974
Cost of sales		(10,667,133)	(10,252,800)
<b>Gross profit</b>		<b>5,487,216</b>	<b>4,782,174</b>
Distribution costs		(1,921,679)	(1,656,802)
Administrative expenses		(1,724,175)	(1,664,280)
Other operating income		3,129	-
<b>Operating profit</b>	4	<b>1,844,491</b>	<b>1,461,092</b>
Interest receivable and similar income	8	14,615	-
Interest payable and similar expenses	9	(21,644)	-
<b>Profit before taxation</b>		<b>1,837,462</b>	<b>1,461,092</b>
Tax on profit	10	(344,919)	(278,767)
<b>Profit for the financial year</b>		<b>1,492,543</b>	<b>1,182,325</b>

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

# IVOR SEARLE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2023

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2021</b>		25,000	4,387	25,000	3,462,370	3,516,757
<b>Year ended 31 May 2022:</b>						
Profit and total comprehensive income		-	-	-	1,182,325	1,182,325
Dividends	11	-	-	-	(200,000)	(200,000)
<b>Balance at 31 May 2022</b>		25,000	4,387	25,000	4,444,695	4,499,082
<b>Year ended 31 May 2023:</b>						
Profit and total comprehensive income		-	-	-	1,492,543	1,492,543
Dividends	11	-	-	-	(250,000)	(250,000)
Own shares acquired		-	-	-	(3,624,030)	(3,624,030)
Redemption of shares	22	-	-	7,500	-	7,500
Reduction of shares	22	(7,500)	-	-	-	(7,500)
<b>Balance at 31 May 2023</b>		17,500	4,387	32,500	2,063,208	2,117,595

# IVOR SEARLE LIMITED

## BALANCE SHEET

AS AT 31 MAY 2023

		2023	2022
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	12	1,363,582	1,299,847
<b>Current assets</b>			
Stocks	13	1,870,668	1,829,555
Debtors	14	3,382,679	3,194,286
Cash at bank and in hand		263,240	1,745,195
		5,516,587	6,769,036
<b>Creditors: amounts falling due within one year</b>	15	(3,453,318)	(2,552,612)
<b>Net current assets</b>		2,063,269	4,216,424
<b>Total assets less current liabilities</b>		3,426,851	5,516,271
<b>Creditors: amounts falling due after more than one year</b>	16	(46,307)	-
<b>Provisions for liabilities</b>			
Provisions	17	1,011,300	816,500
Deferred tax liability	18	251,649	200,689
		(1,262,949)	(1,017,189)
<b>Net assets</b>		2,117,595	4,499,082
<b>Capital and reserves</b>			
Called up share capital	22	17,500	25,000
Share premium account		4,387	4,387
Capital redemption reserve		32,500	25,000
Profit and loss reserves		2,063,208	4,444,695
<b>Total equity</b>		2,117,595	4,499,082

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 15 December 2023 and are signed on its behalf by:

Mrs K I Hemmingfield  
Director

Company registration number 01364071 (England and Wales)

# IVOR SEARLE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

		2023		2022	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	1,821,535		1,493,346	
Interest paid		(21,644)		-	
Income taxes paid		(162,423)		(163,488)	
<b>Net cash inflow from operating activities</b>		<u>1,637,468</u>		<u>1,329,858</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(266,008)		(509,256)	
Proceeds from disposal of tangible fixed assets		6,000		-	
Repayment of loans		-		200,000	
Interest received		14,615		-	
<b>Net cash used in investing activities</b>		<u>(245,393)</u>		<u>(309,256)</u>	
<b>Financing activities</b>					
Purchase of own shares		(3,624,030)		-	
Proceeds from borrowings		1,000,000		-	
Dividends paid		(250,000)		(200,000)	
<b>Net cash used in financing activities</b>		<u>(2,874,030)</u>		<u>(200,000)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(1,481,955)</u>		<u>820,602</u>	
Cash and cash equivalents at beginning of year		1,745,195		924,593	
<b>Cash and cash equivalents at end of year</b>		<u><u>263,240</u></u>		<u><u>1,745,195</u></u>	

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MAY 2023**

---

### **1 Accounting policies**

#### **Company information**

Ivor Searle Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Regal Lane, Soham, Ely, CB7 5BA, and the registered number is 01364071.

#### **1.1 Accounting convention**

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

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

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

#### **1.2 Going concern**

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. The company has considered its forecasts and working capital requirements for a period of 12 months from the date of signing of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is the total amount receivable by the company on despatch for all goods supplied, apart from fleet sales where turnover is recognised once customer approval is received on delivery, excluding VAT and trade discounts.

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

Capital-based grants are recognised in profit and loss on a systematic basis over the useful economic life of the asset.

#### **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:

Long term leasehold property	Over the lease term
Plant and machinery	5 - 15 years straight line
Office equipment	20% straight line
Motor vehicles	20% reducing balance

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.

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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

Stock is valued at the lower of cost and net realisable value on the basis of direct cost plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of short-term work in progress.

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

#### 1.7 Cash and cash equivalents

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

#### 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.

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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.

#### **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.

#### **Basic financial liabilities**

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

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

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



# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

### 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 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

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

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

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 1 Accounting policies

(Continued)

#### 1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.12 Employee benefits

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

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

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

#### 1.13 Retirement benefits

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

#### 1.14 Leases

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.

#### 1.16 Provisions for liabilities

##### Warranty provisions

Certain products carry guarantees and terms of satisfactory performance for varying periods subsequent to their purchase by customers. Provision is made for the estimated costs of honouring unexpected warranties.

##### Deposit provisions

Certain products carry formal terms that on fulfilment of a condition an element of the sale value will be refunded. Provision is made for the estimated costs of honouring such refunds where the sale but not the condition is complete prior to the year end.

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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.

#### Key sources of estimation uncertainty

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

#### Provisions

Included within provisions is a surcharge provision and a warranty claim provision.

When a product is shipped included within the sales price is a deposit for the return of the original damaged component from the customer. The surcharge provision makes provision for the deposits invoiced pre the year end, but where the damaged component has not been returned and hence refunded.

The company provides warranties on its products and the provision represents the future expected costs to be incurred in fulfilling these warranties on products sold before the year end with unexpired warranty. The provision is based upon a number of factors including the number of products sold and the historical cost of providing such warranties.

The two provisions amount to £1,011,300 (2022: £816,500).

### 3 Turnover and other revenue

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

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Remanufacturing of engines, cylinder heads, gearboxes and turbos	16,154,349	15,034,974
	<u>16,154,349</u>	<u>15,034,974</u>
	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,172,270	12,750,744
Export sales	2,982,079	2,284,230
	<u>16,154,349</u>	<u>15,034,974</u>
	2023 £	2022 £
<b>Other revenue</b>		
Interest income	14,615	-
	<u>14,615</u>	<u>-</u>

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(30,867)	17,659
Depreciation of owned tangible fixed assets	193,053	152,068
Loss on disposal of tangible fixed assets	3,220	-
Operating lease charges	202,429	184,000
	<u>202,429</u>	<u>184,000</u>

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	15,750	13,650
	<u>15,750</u>	<u>13,650</u>

### 6 Employees

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

	2023	2022
	Number	Number
Production	114	106
Office administration	7	7
Directors	4	5
	<u>125</u>	<u>118</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,912,190	3,611,141
Social security costs	377,656	349,886
Pension costs	297,160	170,361
	<u>4,587,006</u>	<u>4,131,388</u>

### 7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	200,811	374,176
Company pension contributions to defined contribution schemes	166,395	84,840
	<u>367,206</u>	<u>459,016</u>

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 3).

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

	2023 £	2022 £
Remuneration for qualifying services	134,547	139,024

### 8 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on bank deposits	14,615	-

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	14,615	-

### 9 Interest payable and similar expenses

	2023 £	2022 £
<b>Other finance costs:</b>		
Other interest	21,644	-

### 10 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	347,432	211,437
Adjustments in respect of prior periods	(53,473)	-
Total current tax	293,959	211,437
<b>Deferred tax</b>		
Origination and reversal of timing differences	34,606	67,330
Adjustment in respect of prior periods	16,354	-
Total deferred tax	50,960	67,330
Total tax charge	344,919	278,767

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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	1,837,462	1,461,092
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2022: 19.00%)	367,492	277,607
Tax effect of expenses that are not deductible in determining taxable profit	1,582	156
Effect of change in corporation tax rate	6,969	16,159
Permanent capital allowances in excess of depreciation	5,960	(15,155)
Other permanent differences	35	-
Under/(over) provided in prior years	(53,473)	-
Deferred tax adjustments in respect of prior years	16,354	-
Taxation charge for the year	344,919	278,767

### 11 Dividends

	2023 £	2022 £
Final paid	250,000	200,000

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 12 Tangible fixed assets

	Long term leasehold property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 June 2022	1,397,867	1,290,280	158,722	72,729	2,919,598
Additions	51,570	202,012	12,426	-	266,008
Disposals	-	-	(35,799)	(11,000)	(46,799)
At 31 May 2023	1,449,437	1,492,292	135,349	61,729	3,138,807
<b>Depreciation and impairment</b>					
At 1 June 2022	943,356	501,754	131,102	43,539	1,619,751
Depreciation charged in the year	68,118	109,454	10,185	5,296	193,053
Eliminated in respect of disposals	-	-	(35,799)	(1,780)	(37,579)
At 31 May 2023	1,011,474	611,208	105,488	47,055	1,775,225
<b>Carrying amount</b>					
At 31 May 2023	437,963	881,084	29,861	14,674	1,363,582
At 31 May 2022	454,511	788,526	27,620	29,190	1,299,847

### 13 Stocks

	2023 £	2022 £
Raw materials and consumables	1,355,492	1,440,608
Work in progress	130,859	102,457
Finished goods and goods for resale	384,317	286,490
	1,870,668	1,829,555

### 14 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,189,366	3,022,740
Prepayments and accrued income	193,313	171,546
	3,382,679	3,194,286

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,255,365	1,585,603
Corporation tax	343,345	211,809
Other taxation and social security	508,916	350,448
Other creditors	1,000,000	-
Accruals and deferred income	345,692	404,752
	<u>3,453,318</u>	<u>2,552,612</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Deferred income	19	46,307	-
		<u>46,307</u>	<u>-</u>

### 17 Provisions for liabilities

	2023 £	2022 £
Surcharge and warranty provision	1,011,300	816,500
	<u>1,011,300</u>	<u>816,500</u>
Movements on provisions:		
		Surcharge and warranty provision £
At 1 June 2022		816,500
Additional provisions in the year		194,800
		<u>1,011,300</u>
At 31 May 2023		<u>1,011,300</u>



# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Accelerated capital allowances	253,010	202,720
Other short term timing differences	(1,361)	(2,031)
	<u>251,649</u>	<u>200,689</u>
<b>Movements in the year:</b>		<b>2023 £</b>
Liability at 1 June 2022		200,689
Charge to profit or loss		50,960
Liability at 31 May 2023		<u>251,649</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 19 Deferred income

	2023 £	2022 £
Other deferred income	46,307	-

### 20 Invoice Discount Agreement

During the current financial year, the company has given a guarantee in respect of an Invoice Discount Agreement. The guarantee is secured by way of a charge on tangible fixed assets and stock as controlled by the Company. As at the balance sheet date the funds in use were £165,142 (2022- £nil) for sales ledger balances based in the United Kingdom and €8,875 (2022 - €nil) for those based outside the United Kingdom.

### 21 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	297,160	170,361

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. There was no balance outstanding at year end.

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 22 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
A Ordinary of 25p each	20,000	50,000	5,000	12,500
B Ordinary of 25p each	50,000	50,000	12,500	12,500
	<u>70,000</u>	<u>100,000</u>	<u>17,500</u>	<u>25,000</u>

The A ordinary shares are non redeemable and hold (a) voting rights 19 per share. (b) rights to participate in distributions for that class of share and (c) on a return of capital, holders of the A ordinary shares shall be entitled to 95% of such return.

The B ordinary shares are non redeemable and hold (a) voting rights 1 per share. (b) rights to participate in distributions for that class of share and (c) on a return of capital, holders of the B ordinary shares shall be entitled to 5% of such return.

On 13 March 2023 the Company commenced shares buy-backs from a previous shareholder. The total value of the buy-backs was £3.6m. The amount of shares bought back has been transferred to a capital redemption reserve.

### 23 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	221,603	202,437
Between two and five years	699,748	785,153
In over five years	617,500	666,250
	<u>1,538,851</u>	<u>1,653,840</u>

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	-	78,129
	<u>-</u>	<u>78,129</u>

# IVOR SEARLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 25 Related party transactions

During the year the company paid rent totalling £70,174 (2022: £64,500) to Mrs J Searle for the use of the premises and adjacent land, and £30,000 (2022: £27,500) to the Ivor Searle Pension Scheme for the use of additional premises.

At the year end the company owed £500,000 (2022 - £Nil) to the directors in respect of their directors loan account. The maximum amount outstanding during the year was £500,000 (2022 - £200,000). The loan is bearing an interest at 10% and repayable on demand. The net interest charge payable to the related party for the year is £8,658 (2022 - £Nil), with further associated taxes being paid by the Company with respect to the interest payable of £2,164 (2022 - £Nil).

At the year end the company owed £500,000 (2022 - £Nil) to the shareholders of which are not directors in respect of their loan account. The maximum amount outstanding during the year was £500,000 (2022 - £Nil). The loan is bearing an interest at 10% and repayable on demand. The net interest charge payable to the related party for the year is £8,658 (2022 - £Nil), with further associated taxes being paid by the Company with respect to the interest payable of £2,164 (2022 - £Nil).

### 26 Ultimate controlling party

The ultimate controlling party of the company is Katie Hemmingfield.

### 27 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	1,492,543	1,182,325
<b>Adjustments for:</b>		
Taxation charged	344,919	278,767
Finance costs	21,644	-
Investment income	(14,615)	-
Loss on disposal of tangible fixed assets	3,220	-
Depreciation and impairment of tangible fixed assets	193,053	152,068
Increase in provisions	194,800	310,122
<b>Movements in working capital:</b>		
Increase in stocks	(41,113)	(132,864)
Increase in debtors	(188,393)	(718,239)
(Decrease)/increase in creditors	(230,830)	421,167
Increase in deferred income	46,307	-
<b>Cash generated from operations</b>	<b>1,821,535</b>	<b>1,493,346</b>

### 28 Analysis of changes in net funds

	1 June 2022 £	Cash flows £	31 May 2023 £
Cash at bank and in hand	1,745,195	(1,481,955)	263,240

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.