Company registration number 11398451 (England and Wales)

DINGLI MACHINERY UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

DINGLI MACHINERY UK LIMITED

COMPANY INFORMATION

Director	S. Xu
Company number	11398451
Registered office	Nelson House 2 Hamilton Terrace Leamington Spa Warwickshire CV32 4LY
Auditor	Jerroms Business Solutions Limited Lumaneri House Blythe Gate Blythe Valley Park Solihull West Midlands B90 8AH
Business address	Unit 12 Navigation Way Oldbury Road West Bromwich B70 9DF

DINGLI MACHINERY UK LIMITED

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DINGLI MACHINERY UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents the strategic report for the year ended 31 December 2022.

Fair review of the business
The results for the year and the financial position at the year end were considered satisfactory by the directors

Business Review

2022 was a successful year for the company in terms of sales even though profitability is down compared to the previous year. The growth in sales has been driven by a number of customers updating their fleets.

Sales have increased by 40% to £52,711,075 in 2022 from £37,777,173 in 2021

Principal risks and uncertainties

War in Ukraine

The global and UK macro-economic climate has changed dramatically. The war in Ukraine has had an impact on utility costs and has led to supply shortages causing inflationary pressure on the cost of living with interest rates rising as a result of this. The current state of the UK economy which is challenging

With the supply of machines coming from overseas it has had a direct impact on costs that relate to Dingli, especially given the rise in the cost of fuel and transport

Covid-19

The company has weathered the impact of Covid-19 successfully during 2021 and that continues to be the case in 2022. This is despite the fact that even though restrictions in the UK have ceased there are still restrictions and delays in other countries that directly affect the company

Development and performance
The company continues to investigate opportunities to grow the business and extend the range of customer base.

The company also aims to maintain good customer and supplier relations

Key performance indicators
Turnover had increased from £37,777,173 to £52,711,075 in 2022.

Gross Profit margin in 2022 is 5.60% (2021: 7.90%).

Trading profit before tax in 2022 is £1,147,437 (2021: £2,185,017)

On behalf of the board

S. Xu
Director

20 April 2023

DINGLI MACHINERY UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents his annual report and financial statements for the year ended 31 December 2022.

Principal activities
The principal activity of the company was that of the sale of specialised construction equipment.

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

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

S. Xu

Auditor
Jerroms Business Solutions Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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

On behalf of the board

S. Xu
Director

20 April 2023

DINGLI MACHINERY UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DINGLI MACHINERY UK LIMITED

Opinion

We have audited the financial statements of Dingli Machinery UK Limited (the 'company') for the year ended 31 December 2022 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director 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 director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DINGLI MACHINERY UK 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 and the director's 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 director
As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 m sstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Obtaining third party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Mr Steven McLoughlin FCCA
Senior Statutory Auditor
For and on behalf of Jerroms Business Solutions Limited

20 April 2023

Chartered Certified Accountants
Statutory Auditor

Lumaneri House
Blythe Gate
Blythe Valley Park
Solihull
West Midlands
B90 8AH

DINGLI MACHINERY UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	**2**	52,711,075	37,777,173
Cost of sales		(49,757,651)	(34,791,121)
Gross profit		2,953,424	2,986,052
Administrative expenses		(1,806,495)	(801,035)
Operating profit	**3**	1,146,929	2,185,017
Interest receivable and similar income	**5**	508	-
Profit before taxation		1,147,437	2,185,017
Tax on profit	**6**	(219,541)	(413,970)
Profit for the financial year		927,896	1,771,047

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

DINGLI MACHINERY UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	927,896	1,771,047
Other comprehensive income	-	-
Total comprehensive income for the year	927,896	1,771,047

DINGLI MACHINERY UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	7		98,112		37,257
Current assets					
Stocks	8	13,810,601		9,694,424	
Debtors	9	20,194,132		26,328,477	
Cash at bank and in hand		1,733,416		2,082,402	
		35,738,149		38,105,303	
Creditors: amounts falling due within one year	10	(32,730,336)		(35,981,980)	
Net current assets			3,007,813		2,123,323
Total assets less current liabilities			3,105,925		2,160,580
Provisions for liabilities	7		(24,528)		(7,079)
Net assets			3,081,397		2,153,501
Capital and reserves					
Called up share capital	13		200,000		200,000
Profit and loss reserves			2,881,397		1,953,501
Total equity			3,081,397		2,153,501

The financial statements were approved and signed by the director and authorised for issue on 20 April 2023

S. Xu
Director

Company Registration No. 11398451

DINGLI MACHINERY UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	200,000	182,454	382,454
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	1,771,047	1,771,047
Balance at 31 December 2021	200,000	1,953,501	2,153,501
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	927,896	927,896
Balance at 31 December 2022	200,000	2,881,397	3,081,397

DINGLI MACHINERY UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**17**		291,170		1,170,362
Income taxes paid			(564,200)		-
Net cash (outflow)/inflow from operating activities			(273,030)		1,170,362
Investing activities					
Purchase of tangible fixed assets		(76,464)		(20,775)	
Interest received		508		-	
Net cash used in investing activities			(75,956)		(20,775)
Net (decrease)/increase in cash and cash equivalents			(348,986)		1,149,587
Cash and cash equivalents at beginning of year			2,082,402		932,815
Cash and cash equivalents at end of year			1,733,416		2,082,402

1 Accounting policies

Company information

Dingli Machinery UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Nelson House, 2 Hamilton Terrace, Leamington Spa, Warwickshire, CV32 4LY. The company's trading address is Unit 12, Navigation Way, Oldbury Road, West Bromwich, West Midlands B70 9DF.

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 director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

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 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:

Plant and equipment	33% Reducing Balance
Motor vehicles	25% 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.

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.

1 Accounting policies **(Continued)**

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 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, 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.

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.

1 Accounting policies **(Continued)**

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.

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1 Accounting policies **(Continued)**

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.12 Retirement benefits

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

1.13 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.

2 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	49,574,546	37,217,953
Republic of Ireland	3,038,184	539,842
Netherlands	19,160	19,378
Norway	79,185	-
	52,711,075	37,777,173

2 Turnover and other revenue (Continued)

	2022	2021
	£	£
Other revenue		
Interest income	508	-

Turnover is made up of on one class of item and therefore a summary is not required

3 Operating profit

	2022	2021
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	9,900	5,000
Depreciation of owned tangible fixed assets	15,609	10,110
Operating lease charges	188,286	62,225

4 Employees

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

	2022	2021
	Number	Number
Management	2	2
Technician	2	-
Engineer	2	-
Total	6	2

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	290,389	76,619
Social security costs	28,014	1,161
Pension costs	6,006	1,841
	324,409	79,621

5 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	508	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	508	-

6 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	202,092	411,943
Deferred tax		
Origination and reversal of timing differences	17,449	2,027
Total tax charge	219,541	413,970

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:

	2022	2021
	£	£
Profit before taxation	1,147,437	2,185,017
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	218,013	415,153
Change in unrecognised deferred tax assets	17,449	2,027
Permanent capital allowances in excess of depreciation	(18,887)	(5,132)
Depreciation on assets not qualifying for tax allowances	2,966	1,922
Taxation charge for the year	219,541	413,970

7 Tangible fixed assets

	Plant and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2022	14,730	38,085	52,815
Additions	-	76,464	76,464
At 31 December 2022	14,730	114,549	129,279
Depreciation and impairment			
At 1 January 2022	5,063	10,495	15,558
Depreciation charged in the year	2,417	13,192	15,609
At 31 December 2022	7,480	23,687	31,167
Carrying amount			
At 31 December 2022	7,250	90,862	98,112
At 31 December 2021	9,667	27,590	37,257

8 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	13,810,601	9,694,424

9 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	20,076,109	26,265,379
Other debtors	49,800	24,000
Prepayments and accrued income	68,223	39,098
	20,194,132	26,328,477

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	270,061	261,811
Amounts owed to group undertakings	31,364,607	33,018,917
Corporation tax	80,286	442,394
Other taxation and social security	996,125	2,250,423
Other creditors	5,737	-
Accruals and deferred income	13,520	8,435
	32,730,336	35,981,980

11 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
Balances:	£	£
Accelerated capital allowances	24,528	7,079

	2022
Movements in the year:	£
Liability at 1 January 2022	7,079
Charge to profit or loss	17,449
Liability at 31 December 2022	24,528

The deferred tax liability set out above is expected to reverse by £6,132 within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

12 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	6,006	1,841

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.

13 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary Shares of £1 each	200,000	200,000	200,000	200,000

14 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:

	2022	2021
	£	£
Within one year	166,001	80,000
Between two and five years	283,836	213,333
	449,837	293,333

15 Related party transactions

Transactions with related parties

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

	2022	2021
	£	£
Consultancy fees	911,823	465,896

	2022	2021
Amounts due to related parties	**£**	**£**
Entities with control, joint control or significant influence over the company	51,626	62,226

Other information

The company has taken advantage of the exemption available in accordance with FRS102 'Section 33 Paragraph 33.1A' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

16 Ultimate controlling party

The company is a wholly owned subsidiary of Zhejiang Dingli Machinery Co. Ltd, incorporated in China. The parent company has no single controlling shareholder. The parent company's trading address is 1255 Baiyun South Road, Leidian Town, Deqing, China. Consolidated accounts for the group are available from that address.

17 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	927,896	1,771,047
Adjustments for:		
Taxation charged	219,541	413,970
Investment income	(508)	-
Depreciation and impairment of tangible fixed assets	15,609	10,110
Movements in working capital:		
Increase in stocks	(4,116,177)	(5,645,088)
Decrease/(increase) in debtors	6,134,345	(23,290,027)
(Decrease)/increase in creditors	(2,889,536)	27,910,350
Cash generated from operations	291,170	1,170,362

18 Analysis of changes in net funds

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	2,082,402	(348,986)	1,733,416

19 Auditor's liability limitation agreement

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement dated 23rd December 2022. This approval has been confirmed in the letter of representation dated 14th April 2023.