Company registration number 11398451 (England and Wales)

DINGLI MACHINERY UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

THURSDAY
ADCGA5OY
A24 26/09/2024 #123
COMPANIES HOUSE

DINGLI MACHINERY UK LIMITED

COMPANY INFORMATION

Director	S. Xu
Company number	11398451
Registered office	Nelson House 2 Hamilton Terrace Leamington Spa Warwickshire England CV32 4LY
Auditor	Sumer Auditco Limited The Beehive Beehive Ring Road London Gatwick Airport Gatwick United Kingdom RH6 0PA
Business address	Unit 12 Navigation Way Oldbury Road West Bromwich B70 9DF

DINGLI MACHINERY UK LIMITED

CONTENTS

DINGLI MACHINERY UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents the strategic report for the year ended 31 December 2023.

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

2023 was a successful year for the company in terms of sales even though they are down compared to the previous year. The turnover last year was driven by customers updating their fleets, therefore to maintain a high level of turnover this year in comparison to previous years is seen as a positive for the company

Sales have decreased by 20.68% from £52,711,075 in 2022 to £41,808,245 in 2023

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

This continues to be a threat to not only Dingli but to companies around the world

Interest rates

Interest rates have been as volatile as ever throughout 2023. Even though this might not affect Dingli directly in terms are financing, it effects the customer base that Dingli supply which, in turn, effects sales and purchasing across the board

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 has decreased from £52,711,075 to £41,808,245.

Gross Profit margin in 2023 is 3.60% (2022: 5.60%).

Trading loss in 2023 of £288,483 (Profit of £1,147,437 in 2022)

Section 172 Statement

Long term decisions and interests on employees

The directors understand the company's business and the evolving environment in which it operates, including the challenges of a competitive marketplace and the ongoing challenges highlighted previously. The directors remain conscious that decisions made could have an impact on other stakeholders where relevant. By considering the group's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

The directors recognise that employees are fundamental to the future growth and success of any company. That success depends on looking after our employees. We continue to invest in our employees with technical and operational skills to review the strategic fit for delivering competitive returns. In order to meet the needs of employees to improve their self-worth and realize their personal career planning, the company has introduced policies to encourage employees to achieve skill promotion or competitive recruitment, and in 2023, the company will declare the qualification for independent evaluation of vocational skills, and obtain vocational skill level certificates through self-organized vocational skills training and assessment, so as to greatly improve the speed of the company's training of professional and skilled talents, and can deliver professional and skilled talents to the company more quickly. Departments and individuals involved in the core management are trained to adapt to the strategic layout of globalization (such as social responsibility, professional knowledge in the international field, etc.), so that relevant personnel can adapt to the work needs of the new situation and realize the improvement of personal ability and value.

How the company fosters business relationships

The directors recognise the benefits of engaging with a broad range of stakeholders and CPC's strategy is based on building and maintaining constructive relationships across them all. The company continued to foster, and improve, existing relationships while exploring and creating new business relationships with counterparties in the markets. We hold regular meetings with all our customers from all levels.

Directors are involved directly in these meetings where possible, and if not in attendance, outcomes are covered in regular meetings involving directors specifically. Each customer has a dedicated manager responsible for the relationship. We monitor our customer interactions, obtain regular feedback, and solve customer complaints. We conduct customer research to understand the needs of our customers and provide customized products to them. We contiguously improve the quality of our products, purchasing high quality raw materials, upgrading the production lines, in order to fulfil our customer's needs.

The company is the first one in the industry to increase the warranty period of all series of aerial work platform products to 3 years. Outside the warranty period, we provide lifelong maintenance services and free technical support. At the same time, the company implements 7×24-hour "nanny" service and ensures that the whole process of all repair and maintenance services is visualized through the CRM customer management system, and strictly achieves real-time order-taking, real-time docking, progress disclosure, online and offline synchronous services, etc., to provide high-quality after-sales maintenance services in an all-round way.

The impact of the company's operations on the community and environment

The directors appreciate that collaboration with charities and community groups helps to create stronger communities and provide insights that enable the board to understand the company's impact on the community and the consequences of its decisions in the long term. The company supports both local and national charities, and actively encourages its employees to engage in community activities.

The company grasps the trend of electrification and deeply integrates the concept of green and low-carbon development with the direction of product research and development. The company regards green energy saving as an important indicator of new product research and development, and has taken the lead in realizing the electrification of a full range of products, the company's electric arm type, scissor type new products have many advantages such as energy saving, environmental protection, no noise, convenient maintenance, low cost, safe and practical power, etc., which can meet the needs of high-speed rail airports, old community renovation, urban construction, dust-free workshops and other fields with higher requirements for environmental protection emissions. The company has newly launched an oil-free and environmentally friendly scissor aerial work platform, which has no hydraulic system, and uses electric push rods to replace traditional cylinders for take-off and landing and steering, fully electric drive, oil-free, noise-free, zero-emission, and a higher degree of environmental protection.

Desirability to maintain high standards and act fairly

After weighing up all relevant factors, the directors consider which course of action best promotes the long-term success of the company, taking into consideration the impact on stakeholders and the environment. The company is committed to reducing its carbon footprint and continues to invest in both its assets and explore innovation to improve our standards. As a global leader in new energy aerial work platforms, the company takes electrification, modularization and intelligence as the direction of technology research and development, and is constantly committed to exploring the most cutting-edge technology of global aerial work platforms and developing the world's leading intelligent aerial work platform products. The company has built Dingli European R&D Centre (Italy, Germany) and domestic provincial enterprise research institutes, provincial enterprise technology centres, provincial R&D centres.

On behalf of the board

S. Xu
Director

5 September 2024

The director presents his annual report and financial statements for the year ended 31 December 2023.

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 11.

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

Sumer Auditco 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.

Energy and carbon report

	2023	2022
Energy consumption	kWh	kWh
Aggregate of energy consumption in the year		
- Gas combustion	26,946	17,705
- Electricity purchased	30,163	24,225
	57,109	41,930

Emissions of CO2 equivalent	**2023 metric tonnes**	**2022 metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	4.92	3.23
- Fuel consumed for owned transport	33.29	17.11
	38.21	20.34
Scope 2 - indirect emissions		
- Electricity purchased	6.25	5.02
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	-	-
Total gross emissions	44.46	25.36
Intensity ratio		
Tonnes C02 per employee	4.45	4.23

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

Dingli Machinery UK Limited are committed to continually improving the integration of sustainability and carbon reduction into our working environment and business practices. Management continually encourages staff and our supply chain to consider reducing their environmental imports for products and services,

We have increased the amount of online video calling for customer meetings as well as internal management discussions to help reduce the need to travel for business meetings as well as implementing power saving equipment where possible to help decrease consumption across the company

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

5 September 2024

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

The 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.

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss 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.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the director's report and from the requirement to prepare a strategic report.

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.

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.
- 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 balances.
- Documenting and verifying all significant related party and consolidation 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 Sumer Auditco Limited

24 September 2024

Chartered Accountants
Statutory Auditor

The Beehive
Beehive Ring Road
London Gatwick Airport
Gatwick
United Kingdom
RH6 0PA

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	2	41,808,244	52,711,075
Cost of sales		(40,301,281)	(49,757,651)
Gross profit		1,506,963	2,953,424
Administrative expenses		(1,801,202)	(1,806,495)
Operating (loss)/profit	3	(294,239)	1,146,929
Interest receivable and similar income	5	5,762	508
(Loss)/profit before taxation		(288,477)	1,147,437
Tax on (loss)/profit	6	72,119	(219,541)
(Loss)/profit for the financial year		(216,358)	927,896

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

DINGLI MACHINERY UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	7		96,872		98,112
Current assets					
Stocks	8	11,858,553		13,810,601	
Debtors	9	11,803,314		20,194,132	
Cash at bank and in hand		2,643,949		1,733,416	
		26,305,816		35,738,149	
Creditors: amounts falling due within one year	10	(23,513,431)		(32,730,336)	
Net current assets			2,792,385		3,007,813
Total assets less current liabilities			2,889,257		3,105,925
Provisions for liabilities	7		(24,218)		(24,528)
Net assets			2,865,039		3,081,397
Capital and reserves					
Called up share capital	13		200,000		200,000
Profit and loss reserves			2,665,039		2,881,397
Total equity			2,865,039		3,081,397

The financial statements were approved and signed by the director and authorised for issue on 5 September 2024

S. Xu
Director

Company Registration No. 11398451

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
(Loss)/profit for the year	(216,358)	927,896
Other comprehensive income	-	-
Total comprehensive income for the year	(216,358)	927,896

DINGLI MACHINERY UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	200,000	1,953,501	2,153,501
Year ended 31 December 2022:			
Profit and total comprehensive income	-	927,896	927,896
Balance at 31 December 2022	200,000	2,881,397	3,081,397
Year ended 31 December 2023:			
Loss and total comprehensive income	-	(216,358)	(216,358)
Balance at 31 December 2023	200,000	2,665,039	2,865,039

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash generated from operations	**17**		1,032,524		291,170
Income taxes paid			(101,758)		(564,200)
Net cash inflow/(outflow) from operating activities			930,766		(273,030)
Investing activities					
Purchase of tangible fixed assets		(25,995)		(76,464)	
Interest received		5,762		508	
Net cash used in investing activities			(20,233)		(75,956)
Net increase/(decrease) in cash and cash equivalents			910,533		(348,986)
Cash and cash equivalents at beginning of year			1,733,416		2,082,402
Cash and cash equivalents at end of year			2,643,949		1,733,416

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, England, 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	25% 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 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and 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.

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.

1 Accounting policies (Continued)

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.

1.9 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.

1 Accounting policies (Continued)

Current tax

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

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.

1.14 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.

2 Turnover and other revenue

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

2 Turnover and other revenue (Continued)

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	37,115,448	49,574,546
Republic of Ireland	4,541,288	3,038,184
Netherlands	23,792	19,160
Norway	4,140	79,185
China	120,403	-
Finland	576	-
France	727	-
Spain	1,225	-
Sweden	645	-
	41,808,244	52,711,075

	2023	2022
	£	£
Other revenue		
Interest income	5,762	508

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

3 Operating (loss)/profit

	2023	2022
Operating (loss)/profit for the year is stated after charging:	£	£
Exchange losses	3,292	-
Fees payable to the company's auditor for the audit of the company's financial statements	10,400	9,900
Depreciation of owned tangible fixed assets	27,235	15,609
Operating lease charges	218,006	188,286

4 Employees

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

	2023 Number	2022 Number
Management	4	2
Technician	2	2
Engineer	4	2
Total	10	6

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	462,256	290,389
Social security costs	46,925	28,014
Pension costs	10,237	6,006
	519,418	324,409

5 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	2,919	508
Other interest income	2,843	-
Total income	5,762	508

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,919	508

6 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	-	202,092
Deferred tax		
Origination and reversal of timing differences	(72,119)	17,449
Total tax (credit)/charge	(72,119)	219,541

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

	2023	2022
	£	£
(Loss)/profit before taxation	(288,477)	1,147,437
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	(72,119)	218,013
Change in unrecognised deferred tax assets	(310)	17,449
Permanent capital allowances in excess of depreciation	(6,499)	(18,887)
Depreciation on assets not qualifying for tax allowances	6,809	2,966
Taxation (credit)/charge for the year	(72,119)	219,541

7 Tangible fixed assets

	Plant and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2023	14,730	114,549	129,279
Additions	-	25,995	25,995
At 31 December 2023	14,730	140,544	155,274
Depreciation and impairment			
At 1 January 2023	7,480	23,687	31,167
Depreciation charged in the year	1,812	25,423	27,235
At 31 December 2023	9,292	49,110	58,402
Carrying amount			
At 31 December 2023	5,438	91,434	96,872
At 31 December 2022	7,250	90,862	98,112

8 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	11,858,553	13,810,601

9 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	10,209,132	20,076,109
Corporation tax recoverable	21,472	-
Other debtors	1,449,800	49,800
Prepayments and accrued income	51,101	68,223
	11,731,505	20,194,132

9 Debtors (Continued)

Amounts falling due after more than one year:	2023 £	2022 £
Deferred tax asset (note 11)	71,809	-
Total debtors	11,803,314	20,194,132

10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	31,427	270,061
Amounts owed to group undertakings	23,342,773	31,364,607
Corporation tax	-	80,286
Other taxation and social security	71,271	996,125
Other creditors	3,167	5,737
Accruals and deferred income	64,793	13,520
	23,513,431	32,730,336

11 Deferred taxation

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

Balances:	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Accelerated capital allowances	24,218	24,528	71,809	-

Movements in the year:	2023 £
Liability at 1 January 2023	24,528
Credit to profit or loss	(72,119)
Asset at 31 December 2023	(47,591)

11 Deferred taxation (Continued)

The deferred tax asset of £71,809 set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. £6,055 of 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.

12 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	10,237	6,006

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

	2023	2022	2023	2022
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:

	2023	2022
	£	£
Within one year	166,001	166,001
Between two and five years	117,835	283,836
	283,836	449,837

15 Related party transactions

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

15 Related party transactions (Continued)

	2023	2022
	£	£
Consultancy fees	575,633	911,823

	2023	2022
Amounts due to related parties	£	£
Key management personnel	51,123	51,626

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

	2023	2022
	£	£
(Loss)/profit for the year after tax	(216,358)	927,896
Adjustments for:		
Taxation (credited)/charged	(72,119)	219,541
Investment income	(5,762)	(508)
Depreciation and impairment of tangible fixed assets	27,235	15,609
Movements in working capital:		
Decrease/(increase) in stocks	1,952,048	(4,116,177)
Decrease in debtors	8,484,099	6,134,345
Decrease in creditors	(9,136,619)	(2,889,536)
Cash generated from operations	1,032,524	291,170

18 Analysis of changes in net funds

	1 January 2023	Cash flows	31 December 2023
	£	£	£
Cash at bank and in hand	1,733,416	910,533	2,643,949