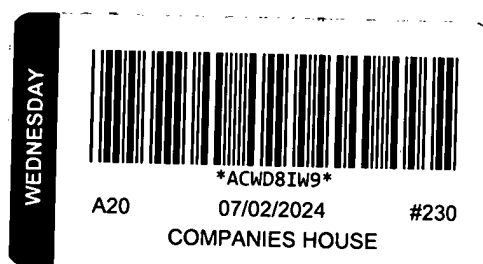


Registered number: 03154977

Canford Group Limited

Annual report

31 October 2023



Canford Group Limited

Company information

Directors	J S Francis G D Byers C J Arnold M Brindley G A Drake A R Wilson
Company secretary	J S Francis
Registered number	03154977
Registered office	Crowther Road Washington Tyne & Wear NE38 0BW
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Lloyds Bank plc 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	Ward Hadaway 102 Quayside Newcastle upon Tyne NE1 3DX

Canford Group Limited

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Canford Group Limited

Group strategic report Year ended 31 October 2023

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 October 2023.

Business review

The group's core activity is the manufacture and sale of professional audio equipment. The Canford brand is renowned and widely respected for product quality, level of service and for the diversity of stock lines on offer.

A number of related comprehensive websites serve as the Canford catalogue, supported by a wealth of technical knowledge and multiple language skills, in our offices at Washington, Tyne and Wear, on the Isle of Portland, Dorset, at Erstein, close to Strasbourg, France, and in Dubai. The main website is www.canford.co.uk, while there are versions in French and German at www.canford.fr and www.canford.de. These support both direct exports from the UK and sales through the French subsidiary.

Canford's broad customer base, and continuing close relationships with our customers, has helped the group to grow further over the last 12 months. The strong increase in UK sales we saw in the prior year has been maintained this current financial year. The group increase in turnover to £20,793,963 this year has resulted from a very strong International sales performance, a rise year on year of 26%.

Although expenses in the year were higher than 2022, they remained under control. The group was profitable in each quarter, with a pre-tax profit for the year of £2,003,559.

Cash flow remained strong and the group has met all its financial obligations.

The project to replace part of the Washington site roof and install a solar panel system has recently been completed. This investment alone cost circa £500k but will help to reduce our carbon footprint, provide us with a short to medium term return on investment and help to reduce our energy costs for years to come. We have also replaced all lighting with LED and installed PIR/motion detection lighting to all communal areas and parts of our main warehouse.

The group has seen continued success with the new Canford SMPTE cable with some major customers placing orders for assemblies. Other "jackets" have been added to the Canford SMPTE offering, expanding our product range.

The group has also seen further expansion of the Canford Connect branded product range to now include a range of 12G BNCs, CAT6A, N Types and Schuko power connectors.

Our iconic Illuminated sign underwent a redesign, including an LED bulb, and version 3 was successfully launched in early 2023.

The group continues to expand and develop its manufacturing facilities in order to meet increasing customer demand, by adding capacity as required across all sites.

The demand for custom metal connection panels continues to increase, with Canford recognised as market leader in this sector. Canford continues to be architect-specified for audio and video connectivity solutions in many of the highest profile sports stadiums in both Europe and the Middle East, as well as theatres, live events and conference facilities. This sustained growth supports further investment in our manufacturing site on the Isle of Portland, UK.

Canford Group Limited

Group strategic report (continued) **Year ended 31 October 2023**

Key performance indicators

The directors consider the Key Performance Indicators of the group to consist of turnover, gross profit, and the proportion of sales of manufactured goods.

Turnover for 2023 was £20,793,963 compared to £19,266,408 in 2022.

Gross profit for 2023 was £6,651,275 (32.0%) compared to £6,275,293 (32.6%) in 2022.

Sales of manufactured goods for 2023 was £7,393,742 (35.5%) compared to £6,359,052 (33.0%) in 2022.

The directors are proud of all that was achieved during the year ended 31st October 2023. Once again, we express our thanks to our loyal staff, customers and suppliers for this major achievement.

Canford's ownership

Canford Group Limited is wholly owned and controlled by the Canford Employee Ownership Trust. It is the intention that the trust will hold the shares for the benefit of current and future employees of the group for the maximum period of 125 years permitted by UK legislation.

The trust has not paid for the shares in full, and a substantial balance remains due from the trust to former shareholders. It was the intention for the group to make further payments to the trust from profits over a five year period from December 2019. The COVID pandemic rendered that timescale unrealistic and further payments on account were suspended till December 2021. The group recommenced payments to the trust early in 2022, and further payments were made during 2023.

Position at the year end

The group ended the financial year in a strong position, with approximately £1.1m in the bank.

Trading risk

The group is monitoring current challenges including the threat of recession looming over us, currency fluctuations, short supply of raw materials, and geopolitical tensions and conflicts affecting the whole world.

Plans for future periods

Canford's own brands are an important source of sales growth, with continuing high demand for both standard products and custom variations. New products continue to be developed in all areas of production, which have been shown to be very strong performers with great customer trust in reliability and quality. We also continually look to expand our entire portfolio to keep up with latest trends and technologies.

Further development of Canford's unique technology for level-limiting professional use headphones continues, with developments of noise-cancelling types for the security services markets. New models are expected to be released during 2024.

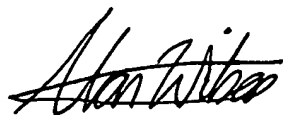
There is an ongoing project to develop and expand our range of Canford touring cable and products to appeal to the growing theatre and live events sectors.

We are committed to sustainable business practices and are set to invest significant amounts of money over the next few years in eco-friendly initiatives as we strive to have as little impact on the environment as possible.

Canford Group Limited

Group strategic report (continued) **Year ended 31 October 2023**

This report was approved by the board on 25 January 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A R Wilson', written over a horizontal line.

A R Wilson
Director

Canford Group Limited

Directors' report Year ended 31 October 2023

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

Principal activity

The group continues to be principally engaged in the manufacture and distribution of professional audio, video and data equipment.

Results and dividends

The profit for the year, after taxation, amounted to £1,559,196 (2022: £1,597,717).

Distributions of £1,088,519 were paid during the year (2022: £1,632,779). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

J S Francis
G D Byers
C J Arnold
M Brindley
G A Drake
A R Wilson

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks including exchange rate risks. The group continuously reviews its foreign currency exposure and other financial risks.

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control policy is directed towards maximising retention of clients whilst minimising debtor days. The group has healthy cash reserves, ensuring that it has sufficient funds for ongoing operations and future investments.

Environmental matters

The group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The group has complied with all applicable legislation and regulations.

Research and development activities

The group is committed where necessary to research and development activities in order to secure its position as a market leader in the supply of professional audio, video and data equipment.

Canford Group Limited

Directors' report (continued) **Year ended 31 October 2023**

Engagement with employees

Information on matters of concern to employees is communicated on a regular basis by a variety of means, including bi-annual update letters, to seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Employee safety and wellbeing remains the group's prime concern at all our premises.

It is the group's policy that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The group is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

Directors' liability insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Matters covered in the group strategic report

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by section 414C (11) of the Companies Act 2006:

- financial risk management objectives and policies
- future developments

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Canford Group Limited

Directors' report (continued) **Year ended 31 October 2023**

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 25 January 2024 and signed on its behalf by:



A R Wilson
Director

Canford Group Limited

Directors' responsibilities statement Year ended 31 October 2023

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.



Independent auditor's report to the members of Canford Group Limited

Opinion

We have audited the financial statements of Canford Group Limited ('the parent company') and its subsidiaries ('the group') for the year ended 31 October 2023, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 31 October 2023 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group's or the parent 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.



Independent auditor's report to the members of Canford Group Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Canford Group Limited (continued)

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 group 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:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with the laws and regulations. We communicated identified laws and regulations within our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation's (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

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



Independent auditor's report to the members of Canford Group Limited (continued)

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.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

25 January 2024

Canford Group Limited

Consolidated statement of comprehensive income Year ended 31 October 2023

	Note	2023 £	2022 £
Profit and loss account			
Turnover	5	20,793,963	19,266,408
Cost of sales		(14,142,688)	(12,991,115)
Gross profit		6,651,275	6,275,293
Distribution costs		(524,425)	(533,928)
Administrative expenses		(4,079,191)	(3,730,220)
Operating profit	6	2,047,659	2,011,145
Interest payable and similar expenses	9	(44,100)	(33,747)
Profit before taxation		2,003,559	1,977,398
Tax on profit	10	(444,363)	(379,681)
Profit for the financial year		1,559,196	1,597,717

There was no other comprehensive income for 2023 or 2022.

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Consolidated balance sheet At 31 October 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	11	988,197	945,340
		<u>988,197</u>	<u>945,340</u>
Current assets			
Stocks	13	3,951,404	3,582,945
Debtors	14	2,094,500	2,127,896
Cash at bank and in hand		1,144,240	1,858,858
		<u>7,190,144</u>	<u>7,569,699</u>
Creditors: amounts falling due within one year	15	(3,769,140)	(4,471,810)
Net current assets		<u>3,421,004</u>	<u>3,097,889</u>
Total assets less current liabilities		<u>4,409,201</u>	<u>4,043,229</u>
Creditors: amounts falling due after more than one year	16	(618,763)	(725,444)
Provisions for liabilities			
Deferred taxation	18	(46,037)	(44,061)
Net assets		<u><u>3,744,401</u></u>	<u><u>3,273,724</u></u>
Capital and reserves			
Called up share capital	19	61,595	61,595
Profit and loss account	20	3,682,806	3,212,129
Total equity		<u><u>3,744,401</u></u>	<u><u>3,273,724</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 January 2024.



G D Byers
Director

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Company balance sheet At 31 October 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	11	671,679	614,082
Investments	12	600,001	600,001
		<u>1,271,680</u>	<u>1,214,083</u>
Current assets			
Debtors	14	-	35,229
Creditors: amounts falling due within one year	15	(14,592)	(5,700)
Net current (liabilities)/assets		<u>(14,592)</u>	<u>29,529</u>
Total assets less current liabilities		<u>1,257,088</u>	<u>1,243,612</u>
Net assets		<u>1,257,088</u>	<u>1,243,612</u>
Capital and reserves			
Called up share capital	19	61,595	61,595
Profit and loss account	20	1,195,493	1,182,017
Total equity		<u>1,257,088</u>	<u>1,243,612</u>

The company has taken the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax for the parent company was £13,476 (2022: £14,571).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 January 2024.



G D Byers
Director

Company registered number: 03154977

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Consolidated statement of changes in equity Year ended 31 October 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2021	61,595	3,247,191	3,308,786
Profit and total comprehensive income for the year	-	1,597,717	1,597,717
Contribution to Canford Employee Ownership Trust	-	(1,632,779)	(1,632,779)
At 1 November 2022	61,595	3,212,129	3,273,724
Profit and total comprehensive income for the year	-	1,559,196	1,559,196
Contribution to Canford Employee Ownership Trust	-	(1,088,519)	(1,088,519)
At 31 October 2023	61,595	3,682,806	3,744,401

The notes on pages 18 to 33 form part of these financial statements.

Company statement of changes in equity Year ended 31 October 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2021	61,595	1,167,446	1,229,041
Profit and total comprehensive income for the year	-	14,571	14,571
At 1 November 2022	61,595	1,182,017	1,243,612
Profit and total comprehensive income for the year	-	13,476	13,476
At 31 October 2023	61,595	1,195,493	1,257,088

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Consolidated statement of cash flows Year ended 31 October 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,559,196	1,597,717
Adjustments for:		
Depreciation of tangible fixed assets	126,241	133,199
Profit on disposal of tangible fixed assets	(5,872)	-
Interest paid	44,100	33,747
Taxation charged to profit and loss	444,363	379,681
Increase in stocks	(368,459)	(667,993)
Decrease/(increase) in debtors	33,396	(583,995)
(Decrease)/increase in creditors	(909,413)	1,415,640
Corporation tax paid	(403,309)	(334,171)
Net cash generated from operating activities	520,243	1,973,825
Cash flows from investing activities		
Purchase of tangible fixed assets	(169,976)	(188,688)
Sale of tangible fixed assets	6,750	-
Net cash used in investing activities	(163,226)	(188,688)
Cash flows from financing activities		
Repayment of bank loans	(102,891)	(141,543)
Net movement in receivables financing facility	163,875	88,610
Contributions to Canford Employee Ownership Trust	(1,088,519)	(1,632,779)
Interest paid	(44,100)	(33,747)
Net cash used in financing activities	(1,071,635)	(1,719,459)
Net (decrease)/increase in cash and cash equivalents	(714,618)	65,678
Cash and cash equivalents at beginning of year	1,858,858	1,793,180
Cash and cash equivalents at the end of year	1,144,240	1,858,858
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,144,240	1,858,858
	1,144,240	1,858,858

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Consolidated analysis of net debt Year ended 31 October 2023

	At 1 November 2022 £	Cash flows £	Other non- cash changes £	At 31 October 2023 £
Cash at bank and in hand	1,858,858	(714,618)	-	1,144,240
Debt due after 1 year	(725,444)	-	106,681	(618,763)
Debt due within 1 year	(202,863)	(60,984)	(106,681)	(370,528)
	<u>930,551</u>	<u>(775,602)</u>	<u>-</u>	<u>154,949</u>

The notes on pages 18 to 33 form part of these financial statements.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

1. General information

Canford Group Limited ('the company') and its subsidiaries (together 'the group') are engaged in the manufacturing and distribution of professional audio, video and data equipment.

The company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on the company information page of these financial statements.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and are rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemption relating to the preparation of a cash flow statement. The consolidated financial statements include a consolidated cash flow statement.

3.3 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

3. Accounting policies (continued)

3.4 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements.

The directors have prepared profit and cash flow forecasts for a period in excess of 12 months from the date of their approval of these financial statements.

The cash flow forecasts that the directors have prepared are based on their current best estimate of trading levels with the group's key customers and the group's expected cost base and show that the company can maintain sufficient financial headroom and operate within the current available bank facilities for the foreseeable future.

In the year to 31 October 2023, the profit for the year was £1,559,196 (2022: £1,597,717). At 31 October 2023 the net current asset position was £3,421,004 (2022: £3,097,889) and net assets of £3,744,401 (2022: £3,273,724).

Whilst the continuing risks in this regard cannot be completely mitigated and therefore some level of future uncertainty remains, the directors continue to adopt measures and assess the financial implications of associated factors outside their control alongside reviewing revised forecasts and future projections. Based on those forecasts and projections, the directors do not consider the residual uncertainties to be material to the group's ability to continue meeting its liabilities as they fall due in the foreseeable future and, accordingly, they continue to prepare the financial statements on a going concern basis.

3.5 Revenue recognition

Turnover

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts and excluding Value Added Tax.

Interest income

Interest income is recognised on an accruals basis.

3.6 Foreign currency

The group's functional currency is pounds sterling.

Transactions and balances

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the period-end retranslation are recognised in the profit and loss account.

Translation

The trading results of group overseas undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in other comprehensive income.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

3. Accounting policies (continued)

3.7 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

3.8 Leases

All of the group's leasing arrangements are operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

3.9 Research and development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

3.10 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

3.11 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

3. Accounting policies (continued)

3.12 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Freehold buildings	-	2% and 5% straight line
Plant and machinery	-	10% to 33% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20% to 50% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.13 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

3.14 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost includes all direct costs and, for manufactured stocks and work in progress, an appropriate proportion of fixed and variable overheads (based on normal operating capacity). Cost is determined using the first-in first-out (FIFO) method.

A provision is made as necessary for damaged, obsolete or slow-moving items.

3.15 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

Debt instruments due within one year are measured, initially and subsequently, at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

3. Accounting policies (continued)

3.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

In preparing these financial statements the directors do not consider there were any significant areas of judgment that were required in applying the group's accounting policies as set out above.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and asset impairments (for example stock provisions). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	12,463,358	12,668,186
Rest of the world	8,330,605	6,598,222
	<u>20,793,963</u>	<u>19,266,408</u>

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

6. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £	2022 £
Research and development charged as an expense	118,604	110,936
Depreciation of tangible fixed assets	126,241	133,199
Net impairment of stocks	18,077	82,186
Exchange differences	12,941	(25,875)
Operating lease rentals	30,009	29,536
Profit on sale of fixed assets	(5,872)	-
Fees payable to the group's auditor for the audit of the company's annual financial statements	25,500	23,200

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	4,049,186	3,680,067	-	-
Social security costs	406,987	377,210	-	-
Cost of defined contribution pension scheme	170,681	153,475	-	-
	<u>4,626,854</u>	<u>4,210,752</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Directors	6	7
Production	49	48
Administration	70	70
Distribution	14	13
	<u>139</u>	<u>138</u>

The company has no employees, other than the directors, who did not receive any remuneration (2022: £nil).

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	336,825	327,706
Group contributions to defined contribution pension schemes	20,912	17,964
	<u>357,737</u>	<u>345,670</u>

During the year retirement benefits were accruing to 6 directors (2022: 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £102,213 (2022: £80,769).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,688 (2022: £3,721).

9. Interest payable and similar expenses

	2023 £	2022 £
Bank loans and overdrafts	28,843	32,564
Other interest payable	15,257	1,183
	<u>44,100</u>	<u>33,747</u>

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	442,387	372,698
Total current tax	<u>442,387</u>	<u>372,698</u>
Deferred tax		
Origination and reversal of timing differences	1,976	6,983
Total deferred tax	<u>1,976</u>	<u>6,983</u>
Taxation on profit	<u>444,363</u>	<u>379,681</u>

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 25% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax	2,003,559	1,977,398
Profit multiplied by standard rate of corporation tax in the UK of 25% (2022: 19%)	500,890	375,706
Expenses not deductible for tax purposes	3,265	2,430
Income not taxable	-	(2,308)
Benefit of superdeduction	(338)	(6,513)
Tax rate changes	(48,638)	10,366
Capital allowances in excess of depreciation	(10,816)	-
Total tax charge for the year	444,363	379,681

Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the main UK corporation tax rate would remain at 19% for the financial years beginning 1 April 2021 and 1 April 2022, then increase to 25% from 1 April 2023. This rate increase was substantively enacted as part of the Finance Act 2021 on 24 May 2021. Therefore deferred tax at the balance sheet date has been calculated at 25% (2022: 25%), as this was the tax rate substantively enacted at the year end.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

11. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 November 2022	1,412,358	2,045,824	41,168	806,042	4,305,392
Additions	86,271	77,602	-	6,103	169,976
Disposals	-	(18,702)	-	-	(18,702)
At 31 October 2023	1,498,629	2,104,724	41,168	812,145	4,456,666
Depreciation					
At 1 November 2022	692,598	1,841,312	38,561	787,581	3,360,052
Charge for the year	31,917	83,280	2,607	8,437	126,241
Disposals	-	(17,824)	-	-	(17,824)
At 31 October 2023	724,515	1,906,768	41,168	796,018	3,468,469
Net book value					
At 31 October 2023	774,114	197,956	-	16,127	988,197
At 31 October 2022	719,760	204,512	2,607	18,461	945,340

The net book amount of land not being depreciated is £70,000 (2022: £70,000).

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

11. Tangible fixed assets (continued)

Company

	Freehold property £
Cost	
At 1 November 2022	1,230,198
Additions	86,271
At 31 October 2023	<u>1,316,469</u>
Depreciation	
At 1 November 2022	616,116
Charge for the year	28,674
At 31 October 2023	<u>644,790</u>
Net book value	
At 31 October 2023	<u><u>671,679</u></u>
At 31 October 2022	<u><u>614,082</u></u>

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

12. Fixed asset investments

Company

Investments
in
subsidiary
companies
£

Cost and net book value

At 1 November 2022 and 31 October 2023

600,001

Subsidiary undertakings

The following were direct subsidiary undertakings of the company (unless otherwise stated):

Name	Principal activity	Class of shares	Holding
Canford Audio Limited	Manufacture and distribution of professional audio equipment	Ordinary	100%
Canford Manufacturing Limited	Property holding company	Ordinary	100%
Canford Audio SARL (indirect)	Sale and European distribution of professional audio equipment	Ordinary	100%

The address of the registered office of Canford Audio Limited and Canford Manufacturing Limited is the same as the address of the registered office of the company, given in the company information page of these financial statements.

The address of the registered office of Canford Audio SARL is 2 Rue De L Expansion, 67150 Erstein, France.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

13. Stocks

	Group 2023 £	Group 2022 £
Raw materials	710,106	724,547
Work in progress	302,565	304,171
Finished goods	2,938,733	2,554,227
	3,951,404	3,582,945

Stocks are stated after provisions for impairment of £436,577 (2022: £418,500).

14. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	1,841,146	1,847,438	-	-
Amounts owed by group undertakings	-	-	-	35,229
Other debtors	50,879	64,786	-	-
Prepayments and accrued income	202,475	215,672	-	-
	2,094,500	2,127,896	-	35,229

Trade debtors are stated after provisions for bad debt of £21,204 (2022: £19,060).

15. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans (note 17)	106,680	102,890	-	-
Receivables financing	263,848	99,973	-	-
Trade creditors	2,235,160	2,563,119	-	-
Amounts owed to group undertakings	-	-	14,592	-
Corporation tax	216,113	177,035	-	5,700
Other taxation and social security	191,368	207,971	-	-
Other creditors	400,091	698,496	-	-
Accruals and deferred income	355,880	622,326	-	-
	3,769,140	4,471,810	14,592	5,700

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

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

	Group 2023 £	Group 2022 £
Bank loans (note 17)	618,763	725,444

17. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £
Amounts falling due within one year		
Bank loans	106,680	102,890
Receivables financing	263,848	99,973
Amounts falling due 2-5 years		
Bank loans	468,571	451,574
Amounts falling due after more than 5 years		
Bank loans	150,192	273,870
	989,291	928,307

The bank loan of £1,100,000 was taken out in December 2019 and is repayable in monthly instalments over 10 years, bearing fixed interest at 3.69% and is secured by unlimited debenture from Canford Audio Limited and omnibus guarantee and set off agreement among the Bank, Canford Group Limited, Canford Audio Limited and Canford Manufacturing Limited.

The group has a receivables financing arrangement with Lloyds Bank repayable at a variable rate of interest.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

18. Deferred taxation

Group

	2023 £	2022 £
At beginning of year	44,061	37,078
Charged to profit or loss	1,976	6,983
At end of year	46,037	44,061

The provision for deferred taxation is made up as follows:

	Group 2023 £	Group 2022 £
Accelerated capital allowances	46,037	44,061

19. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
61,595 (2022: 61,595) Ordinary shares of £1 each	61,595	61,595

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

20. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments. EOT contributions during the year were £1,088,519 (2022: £1,632,779).

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

21. Contingent liabilities

Canford Group Limited, Canford Audio Limited and Canford Manufacturing Limited have each entered into a cross guarantee agreement to secure the bank overdrafts of those companies. The total net surplus position of these companies as at 31 October 2023 amounted to £345,042 (2022: £1,365,573).

A bank loan with Lloyds bank is secured by unlimited debenture from Canford Audio Limited and omnibus guarantee and set off agreement among the Bank, Canford Group Limited, Canford Audio Limited and Canford Manufacturing Limited.

The group also has a guarantee for £30,000 (2022: £30,000) in favour of HM Revenue & Customs dated 4 September 2014.

22. Capital commitments

At 31 October 2023 the group and company had capital commitments as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Contract for roof improvements	237,653	249,800	237,653	249,800

23. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £170,681 (2022: £153,475). Contributions totalling £1,468 (2022: £559) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 October 2023 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	23,178	22,691
Later than 1 year and not later than 5 years	52,495	64,981
Later than 5 years	-	4,895
	75,673	92,567

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

Canford Group Limited

Notes to the financial statements Year ended 31 October 2023

25. Related party transactions

Group

Mr M Brindley is the proprietor of Paragon, to which sales made by the company totalled £4,950 (2022: £4,959) and purchases made from the company totalled £94,291 (2022: £77,978) during the course of the year for goods and services provided on normal commercial terms. At 31 October 2023, the amount owed by the company was £7,511 (2022: £11,136) and amounts owed to the company was £196 (2022: £246).

Company

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

26. Controlling party

The directors consider there to be no controlling party.