

Topek Limited

Annual report and Financial Statements

Year Ended

31 August 2022

Company Number SC076272

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Topek Limited

Contents

	Page
Directors' Responsibilities Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Notes to the Financial Statements	4 - 15

Topek Limited

Directors' Responsibilities Statement For the Year Ended 31 August 2022

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

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

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

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

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

Topek Limited
Registered number: SC076272

Balance Sheet
As at 31 August 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	6		142,954		254,161
Current assets					
Stocks	7	49,080		165,392	
Debtors: amounts falling due within one year	8	6,401,972		2,299,273	
Cash at bank and in hand		2,753,703		2,080,671	
		<u>9,204,755</u>		<u>4,545,336</u>	
Creditors: amounts falling due within one year	9	(5,741,317)		(3,381,398)	
Net current assets			<u>3,463,438</u>		<u>1,163,938</u>
Creditors: amounts falling due after more than one year	10		(437,816)		(8,661)
Provisions for liabilities					
Deferred tax	13		(16,319)		(28,271)
Net assets			<u><u>3,152,257</u></u>		<u><u>1,381,167</u></u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		3,152,157		1,381,067
Total equity			<u><u>3,152,257</u></u>		<u><u>1,381,167</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

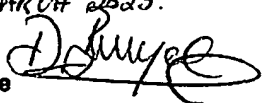
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

24 MARCH 2023.

D S Bryce
Director



The notes on pages 4 to 15 form part of these financial statements.

Topek Limited

Statement of Changes in Equity For the Year Ended 31 August 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2021	100	1,381,067	1,381,167
Comprehensive income for the year			
Profit for the year	-	6,314,494	6,314,494
Total comprehensive income for the year	-	6,314,494	6,314,494
Dividends: Equity capital	-	(4,543,404)	(4,543,404)
Total transactions with owners	-	(4,543,404)	(4,543,404)
At 31 August 2022	100	3,152,157	3,152,257

Statement of Changes in Equity For the Year Ended 31 August 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2020	100	1,143,759	1,143,859
Comprehensive income for the year			
Profit for the year	-	2,819,308	2,819,308
Total comprehensive income for the year	-	2,819,308	2,819,308
Dividends: Equity capital	-	(2,582,000)	(2,582,000)
Total transactions with owners	-	(2,582,000)	(2,582,000)
At 31 August 2021	100	1,381,067	1,381,167

The notes on pages 4 to 15 form part of these financial statements.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

1. General information

Topek Limited is a private company limited by shares and incorporated in Scotland, UK under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency on the financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have completed an assessment of the impact of the inflationary environment, cost of living crisis and expected residual effects of Covid-19 which included stress testing. The directors have assessed that the significant cash on hand, banking facilities and the actions and strategies available to them mitigate business threats under stress testing and demonstrated that the company could operate within its available funding arrangements for at least the next 12 months from signing.

Management and the directors have assessed the company's ability to be able to continue as a going concern and it is in their opinion their banking facilities are appropriate. Considering this, the going concern basis of preparation is deemed appropriate.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

On the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.6 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 15 - 25% on cost
Motor vehicles	- 25% on cost
Office equipment	- 15% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.10 Contract valuations

Contracts are accounted for by recording revenue and related costs as contract activity progresses. Revenue represents the value of work carried out during the year, determined on a contract by contract basis. Full provision is made for:

- Payments on account received, which are not fully matched by attributable costs and recognised profit.
- Known and anticipated losses on contracts.

These provisions are separately disclosed in current liabilities.

Amounts recognised within revenue which are not invoiced at the year end date are included in debtors as amounts recoverable on contracts.

2.11 Stocks

Work in progress is stated at the lower of cost and net realisable value.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 statement of comprehensive income in the year that the company 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.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.17 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.

2.18 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Trade debtors and amounts recoverable on contracts

Determine whether there is any indication of uncertainty over the recoverability of trade debtors and amounts recoverable on contracts. Factors taken into consideration include the ageing of the debts, relationship with the debtor and any other relevant considerations.

- Tangible Fixed Asset

The useful economic lives of the fixed assets and the depreciation rates applied.

Whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

- Contract Accounting

The amount of profit to be recognised on individual contracts. Factors considered will include stage of completion and forecast outturn.

The estimates are based on underlying assumptions and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Employees

The average monthly number of employees, including directors, during the year was 26 (2021 - 32).

5. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	91,028	143,731
Company contributions to defined contribution pension schemes	1,269	2,757
	<u>92,297</u>	<u>146,488</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

6. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 September 2021	322,367	378,162	278,375	978,904
Additions	100,800	-	18,961	119,761
Disposals	(200,010)	(214,243)	(14,575)	(428,828)
At 31 August 2022	223,157	163,919	282,761	669,837
Depreciation				
At 1 September 2021	271,673	255,227	197,843	724,743
Charge for the year	20,555	24,087	53,344	97,986
Disposals	(133,644)	(154,642)	(7,560)	(295,846)
At 31 August 2022	158,584	124,672	243,627	526,883
Net book value				
At 31 August 2022	64,573	39,247	39,134	142,954
At 31 August 2021	50,694	122,935	80,532	254,161

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Motor vehicles	122,233	122,935

7. Stocks

	2022 £	2021 £
Stock and work in progress	49,080	165,392

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

8. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	6,235,738	1,997,792
Amounts owed by group undertakings	67,520	167,443
Other debtors	-	33,247
Prepayments and accrued income	98,714	100,791
	<u>6,401,972</u>	<u>2,299,273</u>

9. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans	135,849	600,000
Trade creditors	2,850,262	1,406,058
Corporation tax	861,884	674,167
Other taxation and social security	1,018,778	206,892
Obligations under finance lease and hire purchase contracts	27,772	40,252
Other creditors	5,757	-
Accruals and deferred income	841,015	454,029
	<u>5,741,317</u>	<u>3,381,398</u>

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

	2022 £	2021 £
Bank loans	373,585	-
Net obligations under finance leases and hire purchase contracts	64,231	8,661
	<u>437,816</u>	<u>8,661</u>

The bank loan of £509,434 (2021 - £600,000) was drawn down under the Coronavirus Business Interruption Loan Scheme. The loan is secured by floating charge over all of the property and assets of the company.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

11. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	135,849	600,000
Amounts falling due 1-2 years		
Bank loans	373,585	-
	<u>509,434</u>	<u>600,000</u>

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	27,772	40,252
Between 1-2 years	64,231	8,661
	<u>92,003</u>	<u>48,913</u>

Hire purchase obligations are secured over the assets being purchased.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

13. Deferred taxation

	2022 £
At beginning of year	28,271
Charged to profit or loss	11,952
At end of year	16,319

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	16,319	28,271
	16,319	28,271

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Ordinary shares rank pari passu for participation in profits and assets. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote.

15. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents the accumulated profits and losses on the activities of the company, less any dividends paid.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2022

16. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £148,005 (2021 - £114,907). Contributions totalling £276 (2021 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

17. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year, motor vehicles were sold to directors for proceeds of £33,000 which was deemed to be market value. This was settled via a dividend in specie.

During March 2022, the company exercised a demerger of the flat roofing business from Topek Limited to Topek Flat Roofing Limited ('TFR') via an indirect demerger with no gain/loss. This resulted in a dividend in specie of £598,404 and is considered further in the parent company's financial statements.

18. Ultimate parent company and controlling party

The company was under the joint control of its directors by virtue of their shareholding in the ultimate parent company. No individual director had overall control.

The largest group in which the results of the company are consolidated is that headed by Group Topek Holdings Limited. These financial statements can be obtained from Companies House.

19. Auditor's information

The auditor's report on the financial statements for the year ended 31 August 2022 was unqualified.

The audit report was signed on 24 March 2023 by Mark McCluskey (senior statutory auditor) on behalf of BDO LLP.