ANNUAL REPORT + FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

WEDNESDAY

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A24 29/06/2022 #116

COMPANIES HOUSE

OILPLUS

GLOBAL LEADERS IN OILFIELD SOLUTIONS

• **CHANGE** in control 1st **APRIL 2017**

• **SUCCESSFUL** implementation of a transition improvement plan

ROBUST
transition from previous ownership

• A concentrated **EFFORT** on Sales has resulted in the trailing 6 month sales conversion rate **IMPROVING** from a low in September 2017 of 21% to the current conversion rate of **89%.**

89%
STRONG
sales conversion track record

• **INCREASED** gross margin from 9% in 2017 to **37% in 2021.**

• **TIGHTLY CONTROLLED overheads to mitigate** unnecessary gross profit erosion.

• **EBITDA** improvement from **£(1,034K)** in 2016 to **£899K in 2021**

37%
RESHAPED
profitable business

A QUALITY COMPANY
certified to ISO 9001:2015

• **PEOPLE** - business is instantly scalable thanks to contract labour strategy deployed in 2019 to **SUPPORT GROWTH**

• Infrastructure in place **to SUPPORT 3 year plan**

• **FLEXIBLE** strategic **road map** in place for the 3 year journey

• A number of **STRATEGIC TARGETS** are being explored in addition to **ORGANIC GROWTH**

Forecasting continued growth as
MARKETS REOPEN

COMPANY INFORMATION

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mark Cavanagh

Victoria Cavanagh

Clarke Shepherd

COMPANY SECRETARY

Mark Lombard

REGISTERED NUMBER

01386979

REGISTERED OFFICE

Dominion House

Kennet Side

Newbury

Berkshire

RG14 5PX

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STRATEGIC REPORT REVIEW OF BUSINESS

Oil Plus Limited specialise in water treatment design, troubleshooting and prediction and control of corrosion, fouling and reservoir souring. We provide the highest level of field experience, personnel, and laboratory facilities to help optimise oil and gas production and reduce operating costs, while ensuring compliance with international health and safety and environmental standards.

The business disruption caused in 2020 by the COVID-19 global pandemic coinciding with an oil price crash, delayed the company growth plans by twelve months, but during 2021 Oil Plus set about implementing a strategy which demonstrates sustainability in their Technical and Process Engineering departments' trading (with some organic growth), set a solid foundation for substantial growth of the Specialist Services division and add a new Maintenance Engineering business stream to complement the core business.

Our order book through 2021 and going into 2022 remained very healthy.

PRINCIPAL RISKS + UNCERTAINTIES

The company has a framework of policies, procedures and internal controls to manage risks with monthly management reviews of the key business risks, both internal and external. The principal risks to our business arise from oil price movements, inaccurate pricing, and fluctuations in currency as a high percentage of our income is derived from US dollars.

We have used external auditors to validate our revenue recognition principles and have now developed suitable controls to ensure our revenue is reported in line with actual value of work done.

Our employees and contractors are specialised in their knowledge, and we depend upon access to a local labour market to ensure we maintain our current high skills level and experience. Our strategy to supplement staff Technologists with contract labour so that the workforce can be easily scaled up and down to suit our orderbook has proved successful and has allowed us to manage the business during these trying times.

RESULTS + KEY PERFORMANCE INDICATORS

The table below identifies the key 2021 financial results for the company against both the 2020 outcome as well as the 2022 Forecast which is compiled from actual information at March 2022.

'Turnover is vanity, profit is sanity, but cash is **KING**'

The focus for 2021 was to sustain profitability. Our attention for 2022 is to continue that path and improve our cashflow position which has been severely impacted by COVID-19 during last year.

	2022 FORECAST		2021		2020	
	JAN '22 DEC '22 £000's	Monthly average £000's	JAN '21 DEC '21 £000's	Monthly average £000's	JAN '20 DEC '20 £000's	Monthly average £000's
REVENUE						
Technical	2,655		2,754		2,146	
Specialist Services	2,340		226		381	
Process Engineering	587		427		515	
Maintenance	848		532		194	
TURNOVER:	6,430	536	3,939	328	3,236	270
Cost of Sales	4,426	369	2,467	206	2,051	171
Gross Profit	2,004	167	1,472	123	1,185	99
Admin Expenses	951	79	768	64	919	77
Other Operating Income	-	-	76	6	94	8
OPERATING PROFIT	1,053	88	780	65	360	30
Interest Payable / (Receivable)	20	2	20	2	18	2
PROFIT BEFORE TAXATION	1,033	86	760	63	342	28
KEY PERFORMANCE INDICATORS						
Gross Margin %age	31%		37%		37%	
Average Turnover per Fee Earner (monthly)	£14K		£15K		£15K	
%age of Admin Expenses to Turnover	15%		19%		28%	
Operational Staff Heads	11		12		12	
FTE Contractor	27		10		6	

+117%
Operating profit grew 2020 -> 2021 by 117%

-17%
Admin expenses reduced by 17%; infrastructure in place to double the size of the business in the next three years

RESULTS + KEY PERFORMANCE INDICATORS

REVENUE

The impact of COVID-19 on the Global Oil and Gas Industry had a direct impact on Oil Plus, with restricted travel delaying several planned major projects. Despite this, Turnover increased by 22% in 2021 compared to the previous year. Having secured a solid foundation, we have grown our core Technical business for the first time in three years to £2.8m (28%). Our core business order book remains buoyant at the time of publication, with total orders landed of £4.3m due to a concentrated effort on Sales. The conversion rate has improved from a low in September 2017 of 21% to the current rate of 89% as at the end of December 2021.

GROSS PROFIT

During the year, Technical staff utilisation was an impressive 84%. Close monitoring of the Gross Margin resulted in a sustained 37% despite increased activity requiring contracting staff to scale up to meet project requirements.

ADMINISTRATIVE EXPENSES

The company overheads reduced from £919K in 2020 to £768K (19% of Turnover) in 2021. Although lower than the previous year due to reduced sales travel and furloughing of administration staff, the significant fixed overhead cost of the property lease limited our ability to make further savings in this area.

OTHER OPERATING INCOME

This comprises the UK Government's grant under the Coronavirus Job Retention Scheme (CJRS) plus the interest paid by the UK Government on the Coronavirus Business Interruption Loan Scheme (CBILS) up to 31 December 2021.

EBITDA

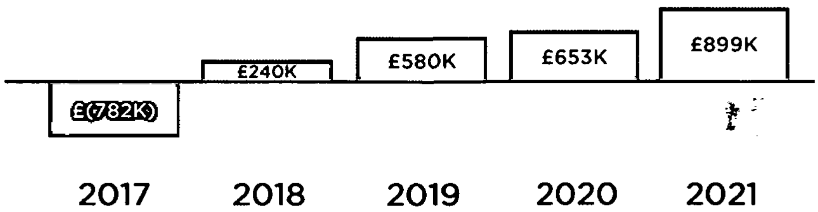
Oil Plus's Management Accounts are measured against Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and used internally by Management to monitor the Company's performance. For 2021, our EBITDA outcome was **£899K**. The bridge to Profit before Taxation as recorded in the 2021 Accounts is explained below:

	£000's
2021 EBITDA	**899**
Add:	
Adjustments	
IT Hardware to Balance Sheet	6
Other	5
NON-PERFORMANCE ITEMS EXCLUDED FROM MGT A/C'S	
Depreciation	(85)
Invoice factoring charges	(7)
Profit on sale of fixed assets	82
Management fees	(120)
Interest charges	(20)
PROFIT BEFORE TAXATION (PER 2021 ACCOUNTS)	**760**

EBITDA growth in 2021 was 38% and edges surely towards the shareholders' desire for a seven figure EBITDA which should be achieved in year six of ownership (2022).

PROFIT BEFORE TAXATION
The company has now achieved a four year of profit, following 4 years of losses. Ensuring that this is sustainable, and improved, remains a key financial objective for 2022.

£1.7m
2017 to 2021 - 5-year EBITDA swing of £1.7m



BUSINESS ENVIRONMENT

We have come through a continued interference from the global pandemic that started in March 2020, which has made it very difficult to travel throughout 2021 due to major travel restrictions being in place for most of the year. This doesn't seem to be getting much better as we exit 2021 due to the various variants of the Coronavirus. With global travel being restricted and unavailable, we have relied on our in-country partners and agents to keep up our sales support and presence and we have utilised Microsoft Teams videocalls where possible. Regular monthly check-ins with our existing clients and potential new clients have been a core focus of the sales team during 2021.

Although the pandemic has hit demand drivers for oil and gas products, we have seen an average price of Brent crude at $70.4 throughout 2021 which is the second highest average price for the past seven years and has helped many producers around the world return to positive cashflow and presents an opportunity for capex and opex budgets to grow going into 2022. According to Schroders (https://www.schroders.com/en/insights/economics/outlook-2022-global-oil-markets/) the outlook for oil remains positive in 2022, with growing demand but limited new supply. However, a meaningful uptick in Iranian supply could see prices fall. They state the following:

- The outlook for oil prices is positive as we go into 2022, with limited new supply but growing demand.
- Price of oil may increase to above $125/bbl during 2022.
- Biggest risk is the return of Iranian barrels which would see the oil market switch to a surplus and could prompt a fall in prices towards $60/bbl.

After a surge in oil prices during 2021, market attention is now turning to 2022. Inventories will likely start the year below the five-year average, and natural gas prices in Europe and Asia significantly above long-term norms. Unless Iranian oil production picks up meaningfully or COVID-related travel restrictions disrupt demand, oil inventories will remain low, and prices could breach US$100/bbl in 2022. Indeed, if OPEC members continue to struggle to meet production targets, much more bullish scenarios are plausible for crude markets.

At the time of writing, the price of Brent crude oil stood at $112.50 per barrel.

One of the outcomes is that operating companies are much more focussed on obtaining value for money from the Oil & Gas sector. This in turn has led Oil Plus to ensure it maintains its competitive edge in an increasingly competitive market, by ensuring our pricing structure is attractive and focusing on quality and knowledge in order to win business. Again, we are pleased to report that our financial results reflect this.

STRATEGY

Our proposed growth strategy continues to be "slow but sure". We aim to offer cost effective, technically fit-for-purpose oilfield solutions and analyses via a simple business model.

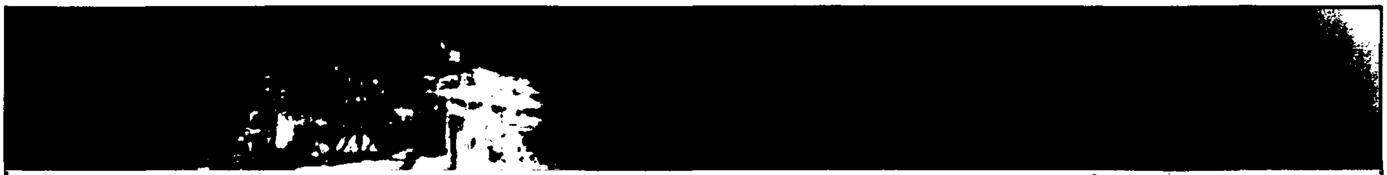
This involves managing the technical headcount to fit with the workload, managing any peaks through the use of contractors. Our annual Contractor headcount in 2022 will increase to 27 Full Time Equivalents from 10 in 2021. On permanent employees, from a base of 10 technicians in 2017, we expect a slight increase to 11 in 2022.

Anticipated contract awards, including a major engineering project, which will allow a further three engineering staff to be recruited in 2022. At the end of 5 years, we will have maximised our current infrastructure with a technical headcount of 50. We have a very strong backlog of work as we move into 2022 and a robust hopper of opportunities that we continue to pursue, this covers all four services lines. In addition, we will be looking to expand on the Engineering Projects we are aware of in some of our key markets and will also continue to push our new Maintenance and Asset Integrity services which was launched in 2019. As per our previous sales strategy we continue to look at new countries and clients that we can support drawing down on our network of partners and agents around the world.

Revenue is anticipated to increase by 63% at the end of 2022 to £6.4m (exactly double the 2020 Revenue), conservatively reaching £10m by the end of 2024.

Throughout this period, we will measure and control staff utilisation and maintain a tight control on overheads to ensure they remain in line with the size of the business as it grows.

Oil Plus Limited is accredited to ISO 9001:2015. This is a clear indication of our goal to understand our customer requirements, give clients confidence in our services, strengthen product quality, and invest time in continual improvement activities.



FUTURE DEVELOPMENTS

We are looking to create more industry partnerships with other organisations and peers to allow us to provide our clients with a full service offering and allow us to enter into contracts that might have eluded us historically by sticking only to our core business. We shall advance our new Maintenance tool called AIM+ which will afford us a competitive advantage that allows us to offer our clients reduced costs and accelerated schedules to completion. Our process engineering team continues to grow which allows us build on the projects we have won during 2021.

ON BEHALF OF THE BOARD

M. Cavanagh.

MARK CAVANAGH - DIRECTOR

24/06/2022

DATE

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OILPLUSLTD.COM

REPORT OF THE DIRECTORS

For the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of Oil Plus Limited remain unchanged. We continue to provide global oilfield water management, production chemistry, microbiology, specialised reservoir souring and process engineering consultancy expertise.

FUTURE DEVELOPMENTS

The future developments of the company are set out in the Strategic Report, in accordance with s.414C(11) CA 2006.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mark Cavanagh
Victoria Cavanagh
Clarke Shepherd

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD

M. Cavanagh.

MARK CAVANAGH - DIRECTOR

24/06/2022

DATE

CHARTERED ACCOUNTANTS' REPORT
TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF OIL PLUS LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Oil Plus Limited for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at http://www.icas.com/accountspreparationguidance.

This report is made solely to the Board of Directors of Oil Plus Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Oil Plus Limited and state those matters that we have agreed to state to the Board of Directors of Oil Plus Limited, as a body, in this report in accordance with the requirements of ICAS as detailed at http://www.icas.com/accountspreparationguidance. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Oil Plus Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Oil Plus Limited. You consider that Oil Plus Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Oil Plus Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Tawse + Partners

TAWSE & PARTNERS
Chartered Accountants
18 North Silver Street
Aberdeen
AB10 1JU

24/06/2022

DATE

STATEMENT OF INCOME + RETAINED EARNINGS

for the Year Ended 31 December 2021

	31.12.21 £	31.12.20 £
TURNOVER	3,938,906	3,236,370
Cost of Sales	2,466,576	2,051,167
GROSS PROFIT	1,472,330	1,185,203
Administrative expenses	768,877	919,367
	703,453	265,836
Other operating income	76,406	93,736
OPERATING PROFIT:	779,859	359,572
Interest receivable and similar income	-	54
	779,859	359,626
Interest payable and similar expenses	19,952	18,054
PROFIT BEFORE TAXATION	759,907	341,572
Tax on profit	139,096	126,586
PROFIT FOR THE FINANCIAL YEAR	620,811	214,986
Retained earnings at beginning of year as previously reported	549,911	349,925
Prior year adjustment - corrections of material errors	-	(15,000)
RETAINED EARNINGS AT END OF YEAR	1,170,722	549,911

BALANCE SHEET 31 December 2021

Company Registered Number: 01386979

	Notes	31.12.21		31.12.20	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	6		96,288		516,204
CURRENT ASSETS					
Debtors: amounts falling due within one year	7	2,889,026		1,511,776	
Debtors: amounts falling due after more than one year	7	-		203,467	
Cash at bank and in hand		71,436		84,450	
		2,960,462		1,799,693	
CREDITORS					
Amounts falling due within one year	8	1,728,559		1,275,092	
NET CURRENT ASSETS			1,231,903		524,601
TOTAL ASSETS LESS CURRENT LIABILITIES			1,328,191		1,040,805
CREDITORS					
Amounts falling due after more than one year	9		157,319		490,744
NET ASSETS			1,170,872		550,061
CAPITAL AND RESERVES					
Called up share capital	11		150		150
Retained earnings			1,170,722		549,911
SHAREHOLDERS' FUNDS			1,170,872		550,061

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2022 and were signed on its behalf by:

M. Cavanagh

MARK CAVANAGH - DIRECTOR

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

1 **STATUTORY INFORMATION**

Oil Plus Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 01386979 and the address of it's registered office is Dominion House, Kennet Side, Newbury, Berkshire, RG14 5PX.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

2 **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3 **ACCOUNTING POLICIES**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention.

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

REVENUE RECOGNITION

Revenue from the sale of goods and services is recognised when the risks and rewards of ownership have been transferred to the customer, which is usually when title passes.

Revenue from services is recognised in accounting periods in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a portion of the total services to be provided.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, rebates, value added tax and other sales taxes.

Long Term Funded Contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of a contract activity at the balance sheet date. The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The assessment of the stage of completion is dependent on the nature of the contract but will generally be based on the estimated proportion of the total contract costs which have been incurred to date. If a contract is expected to be loss-making, a provision is recognised for the entire loss.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	straight line over 25 years
Technical, office and laboratory equipment	10% to 33% on cost

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs, maintenance and minor inspection costs are expenses as incurred.

3 ACCOUNTING POLICIES CONTINUED

FINANCIAL INSTRUMENTS
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial Assets
Financial assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price used includes transactions costs unless the asset is being fair valued through the Statement of Income and Retained Earnings.

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of an asset at initial recognition and re-evaluates their designation at each reporting date. Assets are classified as: loans and receivables; or financial assets where changes in fair value are charged (or credited) to the Statement of Income and Retained Earnings.

The subsequent measurement of financial assets depends on the classification. Loans and receivables are measured at amortised cost using the effective interest method. Financial assets where changes in fair value are charged (or credited) to the Statement of Income and Retained Earnings are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the Statement of Income and Retained Earnings in the year in which they arise.

Financial assets are derecognised when the right to receive cashflows from the assets has expired or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Financial Liabilities
Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently amortised under the effective yield method through the Statement of Income and Retained Earnings as interest over the life of a loan, and added to the liability disclosed in the Balance Sheet. Related accrued interest is included in the borrowings figure.

Borrowings are classified due within one year unless the Company has an unconditional right to defer settlement of the liability for at least one year after the Balance Sheet date.

TAXATION
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3 ACCOUNTING POLICIES CONTINUED

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is charged to the statement of income and retained earnings in the year in which it is incurred with the exception of amounts recoverable from third parties.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

PENSION COSTS + OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

DEBTORS + CREDITORS RECEIVABLE / PAYABLE WITHIN ONE YEAR

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

EMPLOYEE BENEFITS

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

PROVISIONS + CONTINGENCIES

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. In particular:

(I) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

(II) Provision is not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

3 ACCOUNTING POLICIES | PROVISION + CONTINGENCIES CONTINUED

(III) Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable..

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

DISTRIBUTIONS TO EQUITY HOLDERS

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of income and retained earnings.

4 CRITICAL ACCOUNTING JUDGEMENTS + KEY SOURCES OF ESTIMATION UNCERTAINTY

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition on long term contracts and related work in progress balances:

Revenue derived from long term contracts is recognised by reference to a contract's stage of completion at the balance sheet date, only when the outcome of the contract can be measured reliably, and it is probable that the economic benefits will flow to the company. Any losses are recognised when foreseen. The stage of completion of a contract is determined by using the percentage of completion method, based on the proportion of costs incurred for work performed to date, compared to the estimated total cost of the contract. The estimated total cost of the contract is based on the management's budgeting processes using their historical budgeting processes and experience.

5 EMPLOYEES + DIRECTORS

The average number of employees during the year was 15 (2020 - 17).

NOTES TO FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

6 TANGIBLE FIXED ASSETS

	LAND + BUILDINGS	PLANT + MACHINERY ETC.	TOTALS
	£	£	£
COST			
At 1 January 2021	417,282	1,868,564	2,285,846
Additions	8,453	68,097	76,550
Disposals	(425,735)	(47,134)	(472,869)
At 31 December 2021	-	1,889,527	1,889,527
DEPRECIATION			
At 1 January 2021	1,391	1,768,251	1,769,642
Charge for year	12,518	72,122	84,640
Eliminated on disposal	(13,909)	(47,134)	(61,043)
At 31 December 2021	-	1,793,239	1,793,239
NET BOOK VALUE			
At 31 December 2021	-	96,288	96,288
At 31 December 2020	415,891	100,313	516,204

7 DEBTORS

	31.12.21	31.12.20
	£	£
Amounts falling due within one year:		
Trade debtors	1,613,819	286,947
Other debtors	1,275,207	1,224,829
	2,889,026	1,511,776
Amounts falling due after more than one year:		
Other debtors	-	203,467
Aggregate amounts	2,889,026	1,715,243
Deferred tax asset		
Tax losses carried forward	115,063	224,832
Other timing differences	45,475	58,435
	160,538	283,267

The company transferred trade debtors to a factoring company. The trade debtors have not been derecognised from the balance sheet, because the company retains substantially all of the risks and rewards, primarily credit risk. The amount received on transfer has been recognised within other creditors.

The deferred tax asset is regarded as due in more than one year with the exception of £160,538 (2020 - £79,800) which relates to the expected net reversal of timing differences within the next 12 months.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Bank loans and overdrafts	134,083	58,296
Hire purchase contracts	-	10,977
Payments on account	138,529	84,159
Trade creditors	430,502	263,863
Taxation and social security	50,264	157,503
Other creditors	975,181	700,294
	1,728,559	1,275,092

9 CREDITORS: AMOUNTS FALLING DUE AFER MORE THAN ONE YEAR

	31.12.21 £	31.12.20 £
Bank loans	157,319	490,744
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years by instalments	-	211,401

10 SECURED DEBTS

The following secured debts are included within creditors:

	31.12.21 £	31.12.20 £
Bank loans	291,402	549,040
Hire purchase contracts	-	10,977
Factored trade debts	212,667	184,178
	504,069	744,195

The Coronavirus Business Interruption Loan (CBIL) is secured by a debenture granted by the company, in favour of Barclays Security Trustee Limited for the benefit of Barclays Bank UK plc, Barclays Bank plc and Barclays Mercantile Business Finance Limited. This is a fixed and floating charge over the assets of the company.

Market Finance Limited, by way of a debenture, hold a fixed and floating charge over the assets of the company.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

NUMBER	CLASS	NOMINAL VALUE	31.12.21 £	31.12.20 £
150	Ordinary	£1	150	150

12 OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £574,092 (2020 - £114,244).

Contributions totalling £12,573 (2020 - £23,117) were payable to the company's defined contribution pension scheme at the end of the year and are included in creditors.

13 DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2021 and 31 December 2020:

	31.12.21 £	31.12.20 £
Clarke Shepherd		
Balance outstanding at start of year	-	-
Amounts advanced	35,000	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
	35,000	-

This loan is interest free and is repayable on demand.

14 RELATED PARTY DISCLOSURES

At 31 December 2020, the company owed M Cavanagh, one of the directors, £480,975. During the year the director advanced £230,000 to the company and the company repaid £292,500 to the director. As a result, at 31 December 2021, the company owed the director £418,475.

This loan is interest free and is repayable on demand.

15 ULTIMATE CONTROLLING PARTY

The controlling party is Victoria Cavanagh.

TRADING + PROFIT + LOSS ACCOUNT

For the Year Ended 31 December 2021

	31.12.21		31.12.20	
	£	£	£	£
SALES		3,938,906		3,236,370
COST OF SALES				
Cost of Sales	2,235,287		1,823,295	
Sub contractors	99,651		100,147	
Agents commission	131,638		127,725	
		2,466,576		2,051,167
GROSS PROFIT		1,472,330		1,185,203
OTHER INCOME				
Government grants	76,406		93,736	
Other interest received	-		54	
		76,406		93,790
		1,548,736		1,278,993
EXPENDITURE				
Rent, rates + energy	199,326		189,890	
Insurance	38,341		37,022	
Wages	117,369		155,240	
Social security	12,884		16,975	
Pensions	2,944		5,717	
Agency recruitment fees	5,346		196	
Printing, postage, stationery + telephone	21,514		27,481	
Travel + subsistence	20,771		15,378	
Vehicle leasing + motor expenses	6,360		1,660	
Maintenance + repairs	7,500		18,058	
Security + cleaning	16,824		14,726	
Canteen + welfare	8,180		8,478	
Computer software + consumables	39,639		27,951	
Sundry expenses	12,103		6,290	
Management Charges	110,311		164,979	
Training courses	6,069		9,026	
Accountancy	26,485		37,932	
Legal + professional fees	21,044		25,292	
Foreign exchange losses	6,955		(25,989)	
Depreciation of tangible fixed assets				
- Freehold property	12,518		1,391	
- Technical, office+ laboratory equipment	72,122		69,136	
Profit/loss on sale of tangible fixed assets	(82,462)		-	
Marketing seminars + conferences	27,275		19,190	
		709,418		826,019
		839,318		452,974
FINANCE COSTS				
Bank charges	7,269		7,986	
Factoring charges	52,190		85,362	
Bank interest	293		60	
Bank Loan interest	14,419		4,671	
Other interest + penalties	2,604		4,308	
Hire Purchase	2,636		9,015	
		79,411		111,402
NET PROFIT		759,907		341,572