Hesco Bastion Limited

Company Registration No. 02600319

Annual Report and Unaudited Financial Statements

For the year ended 31 December 2022

HESCO BASTION LIMITED

COMPANY INFORMATION

Directors	Basavaraj Kappali (appointed 21 December 2020) Kamlesh Mistry (appointed 28 February 2023) Piyush Jutha (resigned 4 May 2023)
Registered number	02600319
Registered office	3120 Park Square Burmingham Business Park Burmingham United Kingdom B37 7YN
Bankers	Barclays Bank plc 93-95 Main Street Garforth Leeds LS25 1AF

HESCO BASTION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for Hesco Bastion Limited ("Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is as a supplier of protective wall systems. There have not been any other significant changes in the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any other likely major changes in the Company's principal activity in the forthcoming year.

Review and analysis of the business during the current year

Fair review of the business

As Directors, we aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end, using key performance indicators. This review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties that the business faces.

Development and performance of the business

Despite a reduction in the revenue to £11.9 million (2021: 13.9 million), the Company's profit before taxation increased to £3.1 million (2021: 2.8 million) showing 12% increase to prior financial year.

Financial position at the reporting date

The cash and bank balances at the year-end increased to £2.7 million compared to £1.1 million as 31 December 2021. At 31 December 2022 the overall net assets total £20.3 million (2021: £17.2 million).

Principal risks and uncertainties

One of the Company's key principal risks and uncertainties relates to a significant proportion of the revenue arising from a limited number of key customers and the related spending and circumstances of those customers.

The Company also considers risks relating to the competitive nature of the business, raw material price fluctuations, operational performance and compliance. The risk of operational performance and compliance is mitigated by stringent controls, policies and procedures to ensure that contractual and legal obligations are fully complied with. The Company manages the competitive threats through strong brand development and ensuring high product quality standards. The risk of significant fluctuations in raw material prices is managed through building strong supplier relationships and strategic purchasing initiatives.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade debtors. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for expected credit loss. There could be a significant concentration of credit risk as there are a small number of large customers. However, such customers are large government agencies and hence the net risk in most circumstances is considered to be minimal.

All of the business' cash balances are held in such a way that achieves a competitive rate of interest given the current market conditions. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's cash position in addition to the balance of funds loaned to its parent Company exceed its current borrowings. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The Company is exposed to foreign currency risk as a consequence of trading in currencies other than sterling. The Company's transactional currency exposure arises on sales and purchases in currencies denominated in foreign currencies, particularly US dollar and euro. Significant sale and purchases are matched wherever possible. Monetary items, being mainly cash, trade debtors and trade creditors, denominated in foreign currency are included in the financial statements at the year-end rate. During the year these balances are monitored closely, with significant exposures over a natural hedge being managed via spot exchange rate contracts.

Ukraine Conflict

Following the Russian invasion of Ukraine in February 2022, the Company monitors the developing situation. Whilst the Company does not have operations in Ukraine, Russia or Belarus and has no exposure in terms of revenue in Russia or Belarus the Company as well as the Group the Company is part of are affected by the market conditions this creates. The Board continues to monitor any wider impacts on high inflation, increased cost and limitations on supply of steel, increased uncertainty of these and other costs in the manufacture and delivery of products (energy, steel prices and transport costs being the primary ones). The Board recognises that it is difficult to fully assess the associated impacts and accordingly makes accurate forecasting difficult.

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

K. Mistry

K Mistry
Director

27th September 2022

HESCO BASTION LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the Company for the year ended 31 December 2022.

Financial instruments

The Company's Directors and senior management are responsible for managing the credit, liquidity, cash flow and foreign currency risks associated with the Company's activities. The Company's principal financial instruments comprise bank balances together with various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. The main purpose of these instruments is to finance the Company's operations.

Dividends

During the year no dividends were paid or recommended. (2021: nil).

Future developments

The Directors consider that expansion into new market sectors will continue and this will complement the business's existing market. In addition, product development has continued to be an area of focus during the year and the Company is anticipating bringing new products to market in the near future.

Employees

The Company's policy relating to employee involvement is to consult and discuss with employees on matters likely to affect employees' interests. The Company gives full consideration to applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the role. Details of the number of employees and related costs can be found in note 6 to the financial statements.

Going concern

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

The Directors who were in office during the year and up to the date of signing the financial statements were:

Basavaraj Kappali (appointed 21 December 2020)
Kamlesh Mistry (appointed 28 February 2023)
Piyush Jutha (resigned 4 May 2023)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

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

K. Mistry

K Mistry
Director

27th September 2022

HESCO BASTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Revenue	3	11,909	13,911
Cost of sales		(7,433)	(9,013)
Gross profit		4,476	4,898
Administrative expenses		(1,497)	(2,251)
Other operating income	3	123	113
Operating profit	4	3,102	2,760
Interest receivable and similar income	8	-	2
Interest payable and similar expenses	9	(4)	(11)
Profit before taxation		3,098	2,751
Tax on profit	10	(19)	-
Profit for the financial year		3,079	2,751
Other comprehensive income		-	-
Total comprehensive income for the year		3,079	2,751

The notes on pages 8 to 23 form part of these financial statements

HESCO BASTION LIMITED
Registered Number: 02600319
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	11	43	91
		43	91
Current assets			
Stocks	12	375	1,607
Debtors: amounts due within one year	13	21,311	20,530
Cash at bank and in hand	13	2,719	1,098
		24,405	23,235
Creditors: amounts falling due within one year	14	(1,103)	(3,853)
Net current assets		23,302	19,382
Total assets less current liabilities		23,345	19,473
Creditors: amounts falling due after more than one year	14	(3,049)	(2,256)
Net assets		20,296	17,217
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		20,296	17,217
Total shareholders' funds		20,296	17,217

The notes on pages 8 to 23 form part of these financial statements.

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act.
The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

K. Mistry

K Mistry
Director

27th September 2023

HESCO BASTION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 January 2021	-	14,466	14,466
Profit for the year	-	2,751	2,751
Other comprehensive income	-	-	-
Total comprehensive income	-	17,217	17,217
At 31 December 2021	-	17,217	17,217
At 1 January 2022		17,217	17,217
Profit for the year	-	3,079	3,079
Other comprehensive income	-	-	-
Total comprehensive income	-	20,296	20,296
At 31 December 2022	-	20,296	20,296

Reserves

Profit and loss account
This reserve represents cumulative profits and losses of the Company.

The notes on pages 8 to 23 form part of these financial statements

1 Accounting policies

1.1 General information

Hesco Bastion Limited ("the Company") is a private company limited by shares, domiciled and registered in England & Wales and incorporated in the United Kingdom. The address of its registered office is 3120 Park Square, Burmingham Business Park, Burmingham, B37 7YN. The registered number is 02600319. The nature of the Company's operations and its principal activities are set out in Strategic Report on pages 1 to 2.

These financial statements have been presented in Pound Sterling as the Company is UK based and incurs a high proportion of its costs in this currency.

1.2 Basis of preparation

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of the Company are presented as required by the Companies Act 2006 as applicable to companies using FRS 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). The financial statements have been prepared in accordance with FRS 101 (incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016 and the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015).

The Company is a wholly owned subsidiary undertaking of Praesidiad Group Limited, a company registered in the UK. The consolidated financial statements of Praesidiad Group Limited ("the Group") are available from UK Companies House website.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - (i) paragraph79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B–D (additional comparative information);
    - 111 (statement of cash flow information); and
    - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8, Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

1 Accounting policies (continued)

1.2 Basis of preparation (continued)

The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Group.

Where required, equivalent disclosures are given in the consolidated financial statements of Praesidiad Group Limited.

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

Going concern

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 New and amended standards adopted by the Company

There are no amendments to accounting standards that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

1.4 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit terms are 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, refunds). In determining the transaction price for the sale of products, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company did not have any revenue streams during 2022 or 2021 which had variable consideration or rights of return.

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1 Accounting policies (continued)

1.4 Revenue from contracts with customers (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Other Income

The Company earns royalties from other distributors within the Group in relation to the sale of products designed by the Company. Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement.

1.5 Taxation

Current Tax

The tax expense for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years.

Current tax and deferred taxes are charged or credited to Other Comprehensive Income if the tax relates to items that are credited or charged, in the same or a different period, to Other Comprehensive Income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill impairment or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised (unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

1 The Accounting policies (continued)

1.5 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

1.7 Tangible assets

Tangible assets are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently, tangible assets are measured at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, on a straight-line basis over the useful life of that asset as follows:

Plant & Machinery	- 20% straight line basis (5 years)
Fixtures & Fittings	- 20% straight line basis (5 years)
Office Equipment	- 20% straight line basis (5 years)
Motor Vehicles	- 25% straight line basis (4 years)

Tangible assets all have a finite useful life and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If carrying values exceed estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amount is the greater of fair value less cost to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

1.8 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the asset, which is determined as being the shorter of determined useful life, or from the commencement date to the end of the lease term

Lease payments associated with low-value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

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1 The Accounting policies (continued)

1.8 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'tangible assets' and lease liabilities in 'loans and borrowings' in the statement of financial position.

1.9 Impairment of assets

At each reporting date, the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

1.10 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors, and loans.

1 Accounting policies (continued)

1.10 Financial instruments (continued)

Financial assets
Cash
Cash includes cash at bank and in hand.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables included in current assets.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debtors and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1 Accounting policies (continued)

1.10 Financial instruments (continued)

Financial assets (continued)

I rade and other debtors
Trade and other debtors are stated initially at their fair value and subsequently at amortised cost less any allowance for expected credit losses. An allowance is made when collection of the full amount is no longer considered probable or as set out in the section preceding.

Financial liabilities

Trade and other creditors and loans
Liabilities for trade and other amounts payable are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at amortised cost. Where the time value of money is insignificant for short term payables they are recognised at cost

1.11 Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

1.12 Provisions
Provisions for restructuring costs and other obligations are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation.

1.13 Employee benefits

Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received. An accrual is recognised for short-term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

Defined pension contribution
The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the reporting year.

1.14 Foreign currencies
Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at year end exchange rates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The *resulting exchange rates differences are recognised in profit or loss.*

1 Accounting policies (continued)

1.15 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders

2 Critical accounting judgements and key estimation uncertainties

Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of trade debtors, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings, correspondence with customers regarding payment expectations and experience of recoverability and where applicable, the ability of the asset to be operated as planned. Except as disclosed in these Financial Statements, there have been no further indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Carrying value of stocks

The Company establishes a provision for stocks that are estimated not to be recoverable. Where larger amounts of stock are provided for, as this is an estimate of future selling price/sales volumes there is the potential for such provisions to materially reverse in subsequent periods where outcomes vary.

3 Revenue

Revenue is attributable to the principal activity of the Company, which is the resale of protective wall systems. All Revenue arises from the sale of goods. All Revenue arises from products transferred at a point in time on the sale of goods.

After considering the practical expedient in IFRS 15 paragraph 121 there are no remaining performance obligations which need to be disclosed. Refer to note 16 for details around the contract liabilities, no revenue was recognised during the year in respect of contract liabilities (2021: £Nil). There are no contract assets at year end and no revenue was recognised during the year from performance obligations satisfied in previous years.

3 Revenue (continued)

An analysis of Revenue by geographic location of destination of goods is presented below:

	2022 £'000	2021 £'000
United Kingdom	335	1,196
Europe	2,971	4,922
Rest of World	8,603	7,793
	11,909	13,911

An analysis of other operating income by category is presented below:

	2022 £'000	2021 £'000
Royalties receivable	123	113

4 Operating profit

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	8	12
Depreciation on ROU assets (refer to note 16)	52	216
Profit on disposal of tangible fixed assets	-	(46)
Research and development expenditure	34	9
Foreign exchange (gains)/losses	35	348

5 Auditors' remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for - the audit of the Company's financial statements	-	7

6 Employee benefits

The Company's average monthly number of employees during the year was:

	2022 No.	2021 No.
Production	-	1
Administration and management	4	8
	4	9

6 Employee benefits (continued)

The aggregate payroll costs of the above were:

	2022 £'000	2021 £'000
Wages and salaries	376	659
Social security costs	26	96
Other pension costs	10	38
	412	793

7 Directors' remuneration

No directors received remuneration from the Company in the reporting and prior year.

Two directors were employees of the holding company or of other group companies in the reporting year (2021: two). The holding company or other group companies make no recharge to the Company. The directors were directors of the holding company and a number of subsidiaries, and it is not practical to allocate the remuneration of those directors across these companies. Accordingly, the above details include no remuneration in respect of directors and the total directors' remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the holding company or of other group companies.

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable on cash at bank	-	2

9 Interest payable and similar expense

	2022 £'000	2021 £'000
Interest expense – leases (refer to note 16)	(4)	(11)

10 Tax on profit

a) Analysis of (credit)/charge in the year

	2022 £'000	2021 £'000
Current tax		
UK Corporation tax based on the results for the year at 19% (2020: 19%)	-	-
Adjustment to tax charge in respect of prior year	19	-
	19	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

10 Tax on profit (continued)

(b) Factors affecting tax charge/(credit)

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%), the difference is explained below.

	2022 £'000	2021 £'000
Profit before taxation	3,098	2,751
Profit before taxation by rate of tax	589	523
Effects of:		
Capital allowances in excess of depreciation	2	-
Loss on disposal of fixed assets	-	(4)
Adjustment to tax charge in respect of prior year	19	-
Group relief of losses generated by another UK group Company	(591)	(464)
Other differences	-	(55)
Total tax	19	-

(c) Factors that may affect future tax charges

UK corporation tax is calculated at a statutory rate of 19% on the profit for the year. On 11 March 2021, the UK government published the Finance Bill 2021 clauses, which set out that the UK *corporation tax main rate will increase to 25% from 1 April 2023.. This bill has been considered as* 'substantively enacted' for IFRS purposes, following the Third Reading on 24 May 2021. Finance Bill 2021 received Royal Assent on 10 June 2021 and became Finance Act 2021.
Deferred taxes relating to the UK on the balance sheet have been measured at a rate of 25% (2021: 19%) which represents the future corporation tax rate which was enacted at the balance sheet date.

11 Tangible assets

	Right of Use Assets £'000	Fixtures & fittings £'000	Total £'000
Cost			
At 1 January 2022	104	-	104
Derecognition of ROU	-	-	-
Additions	-	5	5
Disposals	-	-	-
At 31 December 2021	104	5	109
Accumulated depreciation			
At 1 January 2021	13	-	13
Charge for the year	52	1	53
Derecognition of ROU	-	-	-
Disposals	-	-	-
At 31 December 2021	65	1	66
Net book value			
At 31 December 2021	91	-	91
At 31 December 2022	39	4	43

The lease payments for the above right of use assets in the year totalled £56 (£'000).

12 Stocks

	2022 £'000	2021 £'000
Finished goods	375	1,607
	375	1,607

Inventories impaired during the year were zero (2021: £0.9 million). The amount of previous inventory write-downs reversed in the current year were £0.1 million (2021: £1.1 million). The closing inventory provision at 31 December 2021 is £0.03 million (2021: £0.1 million).

13 Debtors

Debtors: amounts due within one year	2022 £'000	2021 £'000
Trade debtors	4,035	2,532
Amounts owed by group undertakings	15,940	15,846
Other taxation	187	1,114
Other debtors	1,100	963
Prepayments and accrued income	49	75
	21,311	20,530

13 Debtors (continued)

The amounts owed by group undertakings are non-interest bearing and repayable on demand.

The intercompany debtors relate to cash pool and other short-term debtors which settle in less than 12 months and historically have had no defaults. As these are short term in nature and settle any expected credit loss is immaterial and has not been recognised.

14 Creditors

Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Trade creditors	80	1,932
Amounts owed to group undertakings	884	1,510
Other taxation and social security	5	9
Other creditors	26	2
Accruals	70	336
Provisions (refer note 17)	-	17
Lease liabilities (refer note 16)	38	47
	1,103	3,853

The amounts owed to group undertakings are non-interest-bearing and repayable on demand.

Creditors: amounts falling due after more than one year	2022 £'000	2021 £'000
Contract liabilities	3,049	2,214
Lease liabilities (refer note 16)	-	42
	3,049	2,256

The contract liabilities relate to an offset obligation. This is a result of recent and previously supplying several large contracts awarded in the Middle East. As a result, the Company is required to take part in the country's offset programme, which aims to create economic value by encouraging foreign-owned companies to transfer industrial capabilities and technology to their economy. Notional offset liabilities are calculated at a percentage of the contract value awarded, and can be satisfied by a variety of methods, each of which carries a multiplier based, broadly, on the level of impact each method has on the creation of jobs and the transfer of technology to the country.

15 Called up share capital

Allotted, authorised, called up and fully paid:

	2022 £'000	2021 £'000
125 (2021: 125) Ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

16 Leasing

The Company leases an office site (property). The property contract period is less than five years. The Company is only a lessee and not a lessor for any leases.

During 2019 the Company adopted IFRS 16, which changes the way leases are accounted for. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.
Where there is a property lease that contains an extension and break options exercisable by the *Company before the end of the non-cancellable contract period, the Company seeks to include* extension options in new leases to provide operational flexibility. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control

Lease payments associated with low-value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term. The total cash outflow for leases in 2022 was £0.06 million (2021: £0.2 million).

Leases Under IFRS 16

At 1 January 2022 the lease liability recognised was £0.1 million. The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 6.54%.

The Company took new office lease in 2021 and the lease liability on 31 December 2022 was £0.04 million (2021: £0.09 million). The weighted average incremental borrowing rate applied to this lease liability recognised in the statement of financial position at the date of initial application was 7.08%.

The balance sheet shows the following amounts relating to leases:

Right of use assets

	2022 £'000	2021 £'000
Land & buildings	39	91
Plant, machinery, equipment & vehicles.	-	-
	39	91

Lease liabilities

	2022 £'000	2021 £'000
Current	38	47
Non-current	-	42
	38	89

16 Leasing (continued)

Amounts recognised in the statement of profit or loss

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets	52	216
Interest expense	4	11
Expenses relating to low value & short-term leases	-	1

17 Provisions

	Onerous Contracts & Restructuring £'000
Opening Balance at 1 January 2022	17
Additions	-
Utilised	17
Closing Balance at 31s December 2022	-

Included in 'Onerous contracts & restructuring' are the following:

In 2020 the decision was made to close the Hesco Leeds assembly site in the UK and transfer manufacturing activities to another Group facility in central Europe. As a result of this move a restructuring provision was raised in the year and expenses relating to the site move were incurred. Costs within this provision include those associated with employee redundancies, transfer of equipment and inventory to the overseas facilities, and costs relating to site dilapidations. The remaining restructuring provisions were fully utilised throughout the year.

18 Financial commitments

The Company has following bank guarantees:

	2022 £'000	2021 £'000
Performance bonds	1,964	1,848

On 11 December 2017 a fixed and floating charge over the assets of the Company was issued in favour of Cooperatieve Rabobank U.A.

The Company does not have any other financial commitments at the reporting date (2021: none).

19 Pension scheme

The Company contributes to a pension scheme of the defined contribution type for all eligible employees. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £9,950 (2021: £38,560).
Included in creditors is £342 (2021: £1,802) in respect of employee and employer contributions due to the scheme at the year end.

20 Events after the reporting period

There are no material events after the reporting period to disclose.

21 Ultimate parent Company

The Company's immediate parent company is Praesidiad Holding BVBA, a company registered in Belgium.

The ultimate parent company is CEP IV Participations S.a.r.l., SICAR, a company incorporated in Luxembourg.

Praesidiad Group Limited is the parent undertaking of the smallest group to consolidate these financial statements and Erpe Topco Limited, a company registered in England & Wales, is the parent undertaking of the largest group to consolidate these financial statements. These Group financial statements are available from the registered office, 3120 Park Square, Burmingham Business Park, Burmingham, B37 7YN.

22 Ultimate controlling party

The Company's ultimate controlling party is CEP IV Participations S.a.r.l., SICAR.

23 Related party transactions

The Company is a wholly owned subsidiary undertaking of Praesidiad Group Limited. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.