

Solair Limited

Financial statements

For the Year Ended 28 February 2022



DAINS
ACCOUNTANTS

Solair Limited

Company Information

Directors	J S Houlihan A J McKinley A Webber
Company secretary	A J McKinley
Registered number	02826982
Registered office	Unit 11 Pennington Close Albion Road West Bromwich West Midlands B70 6BA
Independent auditors	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH

Solair Limited

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Solair Limited
Registered number:02826982

Balance Sheet
As at 28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	199,262	200,963
Current assets			
Stocks	5	1,008,346	1,232,097
Debtors due after more than one year	6	357,706	396,186
Debtors due within one year	6	1,804,032	2,390,933
Cash at bank and in hand	7	577	779
		<u>3,170,661</u>	<u>4,019,995</u>
Creditors: amounts falling due within one year	8	(5,470,694)	(5,154,415)
Net current liabilities		<u>(2,300,033)</u>	<u>(1,134,420)</u>
Total assets less current liabilities		<u>(2,100,771)</u>	<u>(933,457)</u>
Provisions for liabilities			
Deferred tax	9	(20,000)	(19,370)
Other provisions	10	(100,000)	(100,000)
		<u>(120,000)</u>	<u>(119,370)</u>
Net liabilities		<u>(2,220,771)</u>	<u>(1,052,827)</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(2,220,773)	(1,052,829)
		<u>(2,220,771)</u>	<u>(1,052,827)</u>

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

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 23 November 2022


A J McKinley
 Director

The notes on pages 2 to 12 form part of these financial statements.

1. General information

Solair Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. 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 the manufacture of aluminium windows and uPVC windows for the house building industry.

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 accounts have been prepared in the Company's functional currency, pounds sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of JBS Industries Limited as at 28 February 2022 and these financial statements may be obtained from Companies House.

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

2. Accounting policies (continued)

2.3 Going concern

At 28 February 2022 the Company had net liabilities of £2,220,771 (2021 - £1,052,827) including recorded overdrafts of £1,632,524 (2021 - £1,575,331).

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

In making this assessment, the Board of Directors have undertaken a thorough review of the Company and wider JBS Group's budgets and forecasts and has produced detailed and realistic cash flow forecasts to February 2024.

The Group meets its day to day working capital requirements through a combination of trading and utilisation of the inter-group banking arrangement. The JBS group also has access to an overdraft facility and there is an inter-group banking guarantee.

The parent entity has provided assurance that they will not be seeking payment of the intercompany creditors, and will continue to provide financial support to the Company to enable it to continue to operate and meet its obligations as they fall due for a minimum of at least 12 months from the date the financial statements are signed, unless the Company has sufficient resources to settle these claims without affecting its ability to continue as a going concern for the forecast period.

The Directors acknowledge that uncertainty exists but do not consider this to be a material uncertainty that would cast significant doubt on the Company's ability to continue as a going concern.

At the date of approval of these financial statements, and having taken into consideration all the aforementioned comments, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of these accounts. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

2.4 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.

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

All leasing agreements are operating leases. Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.6 Government 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.

2.7 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 profit or loss 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.

Defined benefit pension plan

The Company participates in a defined benefit pension scheme which is operated by the parent undertaking, JBS Industries Limited. There is no stated policy for charging the net defined benefit scheme between the group companies that are party to the scheme and hence no proportion of the defined benefit scheme assets, liabilities, income and costs are recognised in the individual group companies in accordance with that policy.

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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	- 10% - 33.33% straight line
Fixtures and fittings	- 10% - 30% straight line
Computer equipment	- 20% straight line

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 profit or loss.

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

2. Accounting policies (continued)

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. Work in progress and finished goods include labour and attributable overheads.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 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.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

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 profit or loss 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.

2.16 Financial instruments

Basic Financial Instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors and other debtors; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The Company considers evidence of impairment for all individual trade and other debtors and any subsequent impairment is recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Impairment of financial assets carried at amortised costs

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial and the present value of the expected future cash receipts from that assets.

Financial liabilities

Financial liabilities comprise bank loans and overdrafts, other loans, trade creditors, amounts owed to parent and group undertakings, other creditors and accruals; there are initially recorded at cost on the date they originate and are subsequently carried at amortised cost under the effective interest rate method.

2.17 Related party transactions

The Company is a wholly owned subsidiary of JBS Industries Limited and has taken advantage of the exemption covered by section 33.1 A of FRS 102 not to disclose transactions with JBS Industries Limited or other wholly owned subsidiaries within the Group.

3. Employees

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

	2022 No.	2021 No.
Production	28	32
Sales	1	1
Administration	27	29
	56	62

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 March 2021	513,110	338,409	195,791	1,047,310
Additions	46,506	-	649	47,155
At 28 February 2022	559,616	338,409	196,440	1,094,465
Depreciation				
At 1 March 2021	441,813	268,919	135,615	846,347
Charge for the year on owned assets	26,463	11,185	11,208	48,856
At 28 February 2022	468,276	280,104	146,823	895,203
Net book value				
At 28 February 2022	91,340	58,305	49,617	199,262
At 28 February 2021	71,297	69,490	60,176	200,963

5. Stocks

	2022 £	2021 £
Raw materials and consumables	637,864	662,309
Work in progress (goods to be sold)	87,214	69,486
Finished goods and goods for resale	283,268	500,302
	1,008,346	1,232,097

There is no material difference between the replacement cost of stocks and the amounts stated above.

An impairment loss of £Nil (2021 - £Nil) was recognised in the cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the Financial Statements
For the Year Ended 28 February 2022

6. Debtors

	2022 £	2021 £
Due after more than one year		
Trade debtors	357,706	396,186
Due within one year		
Trade debtors	1,543,192	2,017,097
Amounts owed by group undertakings	-	38,895
Other debtors	169,774	225,585
Prepayments and accrued income	91,066	109,356
	<u>2,161,738</u>	<u>2,787,119</u>

The impairment loss recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £Nil (2021 - £30,000).

7. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	577	779
Less: bank overdrafts (note 14)	(1,632,524)	(1,575,331)
	<u>(1,631,947)</u>	<u>(1,574,552)</u>

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts (note 19)	1,632,524	1,575,331
Other loans	-	56,837
Trade creditors	601,137	717,361
Amounts owed to group undertakings	436,944	467,469
Amounts owed to parent company	2,707,318	2,263,570
Other taxation and social security	43,784	46,432
Other creditors	9,495	10,838
Accruals and deferred income	39,492	16,577
	<u>5,470,694</u>	<u>5,154,415</u>

The amounts included in other loans are secured against the trading debts of the Company as disclosed in note 13.

Although amounts owed to the parent and group companies are technically due for repayment in less than one year the Directors do not expect to make a substantial repayment within twelve months of the date of approval of the financial statements.

9. Deferred taxation

	2022 £	2021 £
At beginning of year	(19,370)	(18,360)
Charged to the Statement of Comprehensive Income	(630)	(1,010)
At end of year	<u>(20,000)</u>	<u>(19,370)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(30,000)	(19,481)
Short term timing differences	10,000	111
	<u>(20,000)</u>	<u>(19,370)</u>

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

10. Provisions

	Dilapidations £
At 1 March 2021	100,000
At 28 February 2022	100,000

The dilapidation provision is based on the Directors' best estimate to cover the Company's liability to return the premises leased to its original state at the end of the lease.

11. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares shares of £1.00 each	2	2

12. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

13. Contingent liabilities

At 28 February 2022 there was a composite guarantee and debenture between group undertakings and the Royal Bank of Scotland plc. The total gross indebtedness of the Group at 28 February 2022 amounted to £1,632,524 (2021 - £1,575,331), which includes the Company's overdraft of £1,632,524 (2021 - £1,575,331) as shown in note 14.

The Company is a member of the JBS Industries Limited VAT registration scheme and is therefore jointly and severally liable for all liabilities of other group companies within this scheme. As at 28 February 2022 the total group liability was £95,505 (2021 - £146,921).

The Directors do not believe that the Company will be called upon under the guarantee to repay these amounts. Further information regarding the overall group performance can be found in the JBS Industries Limited consolidated financial statements.

**Notes to the Financial Statements
For the Year Ended 28 February 2022**

14. Pension commitments

The Company is a member of the JBS Industries Limited defined contribution and defined benefit pension schemes.

Defined contribution scheme

The assets of the defined contribution scheme are held separately in an independently administered fund. The total pension charge during the period includes contributions payable by the Company to the fund and amounted to £46,742 (2021 - £51,771). At 28 February 2022 there was an accrual of £637 (2021 - £Nil) which is included within creditors.

Defined benefit scheme

It is not possible to identify the Company's share of the underlying assets and liabilities in respect of the defined benefit scheme on a consistent and reasonable basis. Contributions to the scheme by the Company are based on professional and independent actuarial advice. During the period the contributions payable by the Company to the fund amounted to £Nil (2021 - £9,076). At 28 February 2022 there was an accrual of £Nil (2021 - £580) which is included in creditors. The last valuation was performed at 31 March 2019 and updated on 28 February 2022 by a qualified actuary in accordance with FRS102, and shows a deficit on the scheme of £1,157,000 (2021 - £2,204,000). Further details of the scheme are contained in the financial statements of JBS Industries Limited.

15. Related party transactions

The Company is a wholly owned subsidiary of JBS Industries Limited and has taken advantage of the exemption covered by section 33.1 A of FRS 102 not to disclose transactions with JBS Industries Limited or other wholly owned subsidiaries within the Group. No other related party transactions have taken place in the year.

Key management personnel are considered to be the statutory Directors of the Company. The Directors' remuneration is shown in note 8.

16. Controlling party

The Company is a wholly owned subsidiary of JBS Industries Limited, a company incorporated in England and Wales, which is the Company's ultimate parent company.

The ultimate controlling party is J S Houlihan.

17. Auditors' information

The auditors' report on the financial statements for the year ended 28 February 2022 was unqualified.

The audit report was signed on 23 November 2022 by Andrew Morris FCA (Senior statutory auditor) on behalf of Dains Audit Limited.