

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020
FOR
ALLOY FABWELD LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2020**

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ALLOY FABWELD LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS: S R Pledger
D T Maidstone

SECRETARY: L S Kirtland

REGISTERED OFFICE: Rae House
49 Dane Street
Bishop's Stortford
Herts
CM23 3BT

REGISTERED NUMBER: 03196009 (England and Wales)

INDEPENDENT AUDITORS: Barrow LLP
Registered Auditors
Jackson House
Station Road
Chingford
London
E4 7BU

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The company has for the 2020 year maintained a robust turnover. We have the strongest order book to date and currently work 18 months ahead on work flows. We have seen stronger gross margins achieved and an uplift on percentile net profit performance. Our market remains competitive as we seek added value.

Throughout 2019/20 the Company has seen strategic growth in all its core business activities. Engineering and compliance investment has remained high. We have been working collaboratively with other businesses within the family of businesses to roll out our CRM and Accounting systems and controls across departments. This has helped fulfil a number of key reporting bases, thus ensuring the controlled growth of AFW, while importantly sustaining customer satisfaction and stronger Pre-Contract controls

The work force retention rate exceeds 97% with up-skills & training and apprenticeship additions in key areas still a priority as our core 5 year strategy. Particular emphasis on graduate employment is paying off as we see new lean working methods develop across all facets of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has an established framework of policies and procedures that are designed with the objective of minimising avoidable risks to the business. The company considers the following as risks and uncertainties that could have a material impact on the company's future performance. We have introduced a compliance department and now are starting to see considerable strengthening of traceable commercial and operational procedures.

MENTORS

Our Senior Leadership Team is being cultured and mentored by our 3 Coaches as this is paying 10 fold in our 5 year growth Strategy. Our Mentors and SLT are dealing with fast-paced change to our Modern Construction Methods for Modular Engineering (MCMME) to aid further our off site delivery demands, culturing Change Management working practices while combining with value led cultural change.

FINANCIAL RISK MANAGEMENT

The principal risk to the business is the relatively niche market that the company operates within. In order to maintain minimum risk conditions to the financial assets, liquidity and cash flow of the company the directors endeavour where possible to ensure the clients are predominantly large institutions/organisations and that a continuous review of the commercial principles are undertaken before and during the contract process. We currently have 94% of our work book affiliated to companies with a turnover of + 800m realising the demands of these companies are significant but with the strengthening of our Office teams we have the resilience of being able to offer long term strategic partnering.

MARKET RISK

There is a market risk attributable to raw material arising from fluctuations in the market prices, depending on the demand and supply in the local and international market. The company manages this risk by dealing with reputable suppliers and by the directors' longstanding experience of the market.

INTEREST RATE RISK

Bank loans and the overdraft facility have been negotiated at commercially acceptable interest rate levels. This ensures that the interest rate risk is minimised.

CREDIT RISK

References are taken up on all new customers. The company exercises tight credit control procedures whilst the credit control department pursues unpaid amounts due on a regular basis. The directors believe these procedures ensure credit risk is minimised.

COMMERCIAL RELATIONSHIPS

The company's business activity is centred on a core base of close commercial relationships. Any risk to the loss of these contacts is managed through regular performance reviews and liaising with customers to ensure that the company responds to their needs and delivers the service levels that are expected.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

REGULATORY COMPLIANCE

The laws and regulations governing the industry in which company operates have become increasingly complex in a wide variety of areas such as employment law, health and safety and GDPR. Failing to comply with these regulatory requirements could have an adverse impact on the company's activities. The directors, in consultation with external experts, monitor the company's compliance to minimise this area of risk.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors monitor the performance of the company by reference to internal budgets, turnover and gross profit margins on a contract to contract basis. These are considered sufficient to provide an overview of business performance relative to expectations, organic growth and market trends.

FUTURE DEVELOPMENTS

Alloy Fabweld Ltd (AFW) have been positioning their teams and affiliated businesses over the last 18 months to become a Premier National Engineering Provider (PNEP) giving quality construction engineering products of an accuracy, only just biting into the UK Modular market.

Our 1st Phase Modular Automated Welder Robotic & Assembly lines are on target for introduction in early 2022. Our teams have highlighted the needs and demands to see the value born from the long term investments.

There continues to be strong planned re-investment in the company to meet these future demands, moreover growing the Senior Specialist Management Team to deliver to our 2025 goals. This has put a few percentage points, increasing our shorter term OH, which we can already see is producing a positive collaborative approach to forward customer delivery expectation.

Working in a tougher construction market Covid & 'Brexit' has impacted big decision makers/spenders. We feel we have managed to buck the trend insofar as maintaining an acceptable net margin while considerably increasing our balance sheet and actively monitor our growing specialist services we offer to Blue Chip industry clients which is currently around 44% of our annualised turnover.

The year ahead we realise is going to be about Covid resilience, being nimble and able to understand markets and the changing face of running a business. Our last 3 years of strategy of controlled growth and system / compliance and technical integration is placing place us well to guide the business through ever changing Government and Policy.

We have embraced new working and social distancing measures well. We review the wellbeing of our staff to make sure our teams remain focused keeping us at the forefront of Top Draw Architectural Metalwork.

We have resilience in our approach and have the solid asset of long serving professionals, dedicated staff and a ring of associated businesses performing above expectations. We are now seeing our other specialists businesses performing strongly and strengthen our own growth.

We are excited with the future structure and growth plans of the business, including mapped acquisitions for the coming 3 years ahead. These are all on target.

We are an embedded CSR focused company and have achieved over 80% carbon neutral manufacturing over the last 2 years. Our target of 90% is within reach.

Ongoing internal and third-party reviews of health and safety procedures along with the appointment of a senior internal H&S Manager have been successful with no identified breaches or weaknesses of any significance. Continuing improvements in this regard have contributed towards the company's good reputation and working practices in the sector. We now hold a number of high H&S Standards and Awards.

Continuing reassessment of internal procedures, management structures and capital requirements have been carried out in order to facilitate the expansion plans of the company and to ensure that it maintains its viability in the immediate and long-term future. Our cash at bank has stayed robust and we have brought down our Trade Creditors by 2m. This has given significant strength to the current and future credit rating of the business.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

RESEARCH AND DEVELOPMENT

The company is committed to continuous development of its methods, systems and processes through its research and development programme. This focuses on providing robust and deliverable solutions which create significant benefits for clients in respect of delivery times, design and quality of product.

We have now implemented R&D Management structure to capture the IP of our new product deliverable. We expect over the next 5 years this will add significant growth and value to the business / businesses. We expect to see 100% + Growth over the next 5 years to keep us on track to being recognised as one of the UK's / Europe's leading specialist Engineering Manufactures.

ON BEHALF OF THE BOARD:

S R Pledger - Director

24 December 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of light engineering and there has been no significant change in this activity during the year.

DIVIDENDS

Interim dividends per share were paid as follows:

£300	- 30 June 2019
£300	- 30 September 2019
£300	- 31 December 2019
<u>£300</u>	- 31 March 2020
<u>£1,200</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2020 will be £ 120,000 .

DIRECTORS

The directors during the year under review were:

S R Pledger
D T Maidstone

The beneficial interests of the directors holding office on 31 March 2020 in the issued share capital of the company were as follows:

	31.3.20	1.4.19
Ordinary £1 shares		
S R Pledger	50	50
D T Maidstone	-	-

CHARITABLE DONATIONS

During the year the company made charitable contributions totalling £11,161 (2019 - £28,129). These contributions were made in furtherance of the charities' general objectives.

DIRECTORS' INDEMNITY

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

STATUTORY INFORMATION

Further information required to be disclosed within the Director's report is set out in the Strategic report in accordance with section 414C (11) of the Companies Act 2006.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Barrow LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S R Pledger - Director

24 December 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD LIMITED

Opinion

We have audited the financial statements of Alloy Fabweld Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

T P Curtis (Senior Statutory Auditor)
for and on behalf of Barrow LLP
Registered Auditors
Jackson House
Station Road
Chingford
London
E4 7BU

24 December 2020

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31.3.20 £	31.3.19 £
TURNOVER	4	15,463,815	18,994,363
Cost of sales		<u>(12,745,570)</u>	<u>(16,146,673)</u>
GROSS PROFIT		2,718,245	2,847,690
Administrative expenses		<u>(2,126,939)</u>	<u>(2,265,333)</u>
		591,306	582,357
Other operating income		<u>38,450</u>	<u>-</u>
OPERATING PROFIT	6	629,756	582,357
Interest receivable and similar income		<u>643</u>	<u>-</u>
		630,399	582,357
Interest payable and similar expenses	7	<u>(10,398)</u>	<u>(7,494)</u>
PROFIT BEFORE TAXATION		620,001	574,863
Tax on profit	8	<u>584,405</u>	<u>55,211</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,204,406</u>	<u>630,074</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31.3.20 £	31.3.19 £
PROFIT FOR THE YEAR		1,204,406	630,074
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,204,406</u>	<u>630,074</u>

BALANCE SHEET
31 MARCH 2020

	Notes	31.3.20 £	31.3.19 £
FIXED ASSETS			
Tangible assets	10	870,101	794,223
Investments	11	<u>5,100</u>	<u>100</u>
		<u>875,201</u>	<u>794,323</u>
CURRENT ASSETS			
Stocks	12	200,000	-
Debtors	13	5,399,760	5,488,917
Cash at bank		<u>583,926</u>	<u>1,179,129</u>
		6,183,686	6,668,046
CREDITORS			
Amounts falling due within one year	14	<u>(3,372,791)</u>	<u>(5,044,596)</u>
NET CURRENT ASSETS		<u>2,810,895</u>	<u>1,623,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,686,096</u>	<u>2,417,773</u>
CREDITORS			
Amounts falling due after more than one year	15	<u>(283,293)</u>	<u>(99,376)</u>
NET ASSETS		<u>3,402,803</u>	<u>2,318,397</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Retained earnings	20	<u>3,402,703</u>	<u>2,318,297</u>
SHAREHOLDERS' FUNDS		<u>3,402,803</u>	<u>2,318,397</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 December 2020 and were signed on its behalf by:

S R Pledger - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100	1,808,223	1,808,323
Changes in equity			
Dividends	-	(120,000)	(120,000)
Total comprehensive income	-	630,074	630,074
Balance at 31 March 2019	100	2,318,297	2,318,397
Changes in equity			
Dividends	-	(120,000)	(120,000)
Total comprehensive income	-	1,204,406	1,204,406
Balance at 31 March 2020	100	3,402,703	3,402,803

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	31.3.20 £	31.3.19 £
Cash flows from operating activities			
Cash generated from operations	1	(1,059,755)	1,036,038
Interest paid		(2,929)	(7,494)
Interest element of hire purchase payments paid		(7,469)	-
Tax paid		584,405	-
Net cash from operating activities		<u>(485,748)</u>	<u>1,028,544</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(183,104)	(370,228)
Purchase of fixed asset investments		(5,000)	-
Interest received		643	-
Net cash from investing activities		<u>(187,461)</u>	<u>(370,228)</u>
Cash flows from financing activities			
Loan repayments in year		(8,239)	-
Capital repayments in year		108,064	-
Amount withdrawn by directors		98,181	(774)
Equity dividends paid		(120,000)	(120,000)
Net cash from financing activities		<u>78,006</u>	<u>(120,774)</u>
(Decrease)/increase in cash and cash equivalents		<u>(595,203)</u>	<u>537,542</u>
Cash and cash equivalents at beginning of year	2	1,179,129	641,587
Cash and cash equivalents at end of year	2	<u>583,926</u>	<u>1,179,129</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.20	31.3.19
	£	£
Profit before taxation	620,001	574,863
Depreciation charges	107,228	84,646
Finance costs	10,398	7,494
Finance income	(643)	-
	<u>736,984</u>	<u>667,003</u>
Increase in stocks	(200,000)	-
Decrease in trade and other debtors	89,065	1,432,226
Decrease in trade and other creditors	(1,685,804)	(1,063,191)
Cash generated from operations	<u>(1,059,755)</u>	<u>1,036,038</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>583,926</u>	<u>1,179,129</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>1,179,129</u>	<u>641,587</u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank	<u>1,179,129</u>	<u>(595,203)</u>	<u>583,926</u>
	<u>1,179,129</u>	<u>(595,203)</u>	<u>583,926</u>
Debt			
Finance leases	-	(251,003)	(251,003)
Debts falling due within 1 year	(11,253)	374	(10,879)
Debts falling due after 1 year	<u>(99,376)</u>	<u>7,955</u>	<u>(91,421)</u>
	<u>(110,629)</u>	<u>(242,674)</u>	<u>(353,303)</u>
Total	<u>1,068,500</u>	<u>(837,877)</u>	<u>230,623</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. **STATUTORY INFORMATION**

Alloy Fabweld Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office along with trading addresses can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Some of the items within these financial statements have been reclassified to improve the comparability, reliability and relevance of the financial statements.

Preparation of consolidated financial statements

The financial statements does not contain the information about Lime Metals Limited which is an only wholly owned subsidiary of the company. The company has taken the exemption in accordance with section 405(2) of the Companies Act 2006 from preparing the group accounts.

Turnover

Turnover is measured by the company at the fair value of the consideration received or receivable for goods and services provided, net of trade discounts and value added tax. It represents the value of work carried out during the year, including amounts not invoiced. When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the year end date. Revenue is therefore recognised on the basis of the proportion of total costs at the year end date to the total estimated costs of each respective contract.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed should there be an indication of a significant change in expectation of any tangible fixed assets' ability to generate future economic benefit.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write each asset down to its estimated residual value over its expected useful life. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property - Straight line over 50 years

Plant & fixtures - Straight line over 10 years

Motor vehicles - 25% on reducing balance

Office equipment - Straight line over 5 years

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instruments.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes, in effect, a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax

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 computations different from those which are recognised in the 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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances.

Going concern

In preparing these accounts, the directors believe it is appropriate to adopt the going concern assumption based on the continued profitability of the company and their forecasts that the company will continue to have sufficient resources for its ongoing operations.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

The Company recognises revenue from the provision of services provided through a service contract and as the activity progresses. In making its judgement as to the value of work performed, and the estimate of costs to complete the contractual services (including any foreseeable cost overruns), management consider that while there is a degree of judgement in determining these factors, there is sufficient certainty to ensure that the company meets the requirements of FRS 102 in relation to revenue recognition.

Allowance for doubtful debts

Management undertakes a review of all new customers and a periodic review of existing customers to determine whether specific risks of default exist. Beyond identification of specific risks, management undertakes periodic reviews into the calculation of provisions for doubtful debts to ensure historic trends continue to provide a basis for determining a reliable estimate for such doubtful debts.

Determining residual values and useful economic lives of fixed assets

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Taxation

The company establishes provisions based on reasonable estimates, in order to comply with applicable tax legislation. Management estimation is required to determine the amount of deferred tax assets and future research and development claims, that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.20	31.3.19
	£	£
United Kingdom	15,463,815	18,994,363
	<u>15,463,815</u>	<u>18,994,363</u>

5. **EMPLOYEES AND DIRECTORS**

	31.3.20	31.3.19
	£	£
Wages and salaries	3,732,301	3,751,481
Social security costs	358,445	394,098
Other pension costs	74,078	6,737
	<u>4,164,824</u>	<u>4,152,316</u>

The average number of employees during the year was as follows:

	31.3.20	31.3.19
Directors	2	2
Direct staff	85	88
Administration	27	32
	<u>114</u>	<u>122</u>

	31.3.20	31.3.19
	£	£
Directors' remuneration	<u>120,000</u>	<u>42,040</u>

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.3.20	31.3.19
	£	£
Other operating leases	22,457	236,067
Depreciation - owned assets	107,226	84,646
Auditors' remuneration	<u>19,000</u>	<u>7,000</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.20	31.3.19
	£	£
Bank interest	713	2,490
Bank loan interest	2,216	5,004
Hire purchase interest	7,469	-
	<u>10,398</u>	<u>7,494</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

8. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	31.3.20 £	31.3.19 £
Current tax:		
Research & development claims	(584,405)	-
Deferred tax: origination and reversal of timing differences	-	(55,211)
Tax on profit	<u>(584,405)</u>	<u>(55,211)</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.20 £	31.3.19 £
Profit before tax	<u>620,001</u>	<u>574,863</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	117,800	109,224
Effects of:		
Expenses not deductible for tax purposes	14,166	36,721
Capital allowances in excess of depreciation	(14,788)	(1,941)
Utilisation of tax losses	(117,178)	(144,004)
Deferred tax movement	-	(55,211)
R&D Debtor	(584,405)	-
Total tax credit	<u>(584,405)</u>	<u>(55,211)</u>

Factors that may affect future tax charges**Tax losses**

The company has corporation tax losses of £23,692 (2019 - £640,000) arising from enhanced research and development claims, which are available to carry forward for offset against future taxable profits.

9. DIVIDENDS

	31.3.20 £	31.3.19 £
Ordinary shares of £1 each		
Interim	<u>120,000</u>	<u>120,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & fixtures £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 April 2019	204,657	564,915	184,325	105,367	1,059,264
Additions	-	127,820	46,958	8,326	183,104
At 31 March 2020	<u>204,657</u>	<u>692,735</u>	<u>231,283</u>	<u>113,693</u>	<u>1,242,368</u>
DEPRECIATION					
At 1 April 2019	9,282	102,669	97,744	55,346	265,041
Charge for year	3,093	63,430	23,601	17,102	107,226
At 31 March 2020	<u>12,375</u>	<u>166,099</u>	<u>121,345</u>	<u>72,448</u>	<u>372,267</u>
NET BOOK VALUE					
At 31 March 2020	<u>192,282</u>	<u>526,636</u>	<u>109,938</u>	<u>41,245</u>	<u>870,101</u>
At 31 March 2019	<u>195,375</u>	<u>462,246</u>	<u>86,581</u>	<u>50,021</u>	<u>794,223</u>

Included in cost of land and buildings is freehold land of £ 50,000 (2019 - £ 50,000) which is not depreciated.

Included within the cost of plant and fixture above, is the assets of £157,939 held under the finance lease.

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the value in use supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2019	100
Additions	<u>5,000</u>
At 31 March 2020	<u>5,100</u>
NET BOOK VALUE	
At 31 March 2020	<u>5,100</u>
At 31 March 2019	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

11. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Lime Metals Limited

Registered office: Rae House, Dane Street, Bishop's Stortford, Hertfordshire, CM23 3BT

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00	31.7.19 £ <u>100</u>	31.7.18 £ <u>100</u>
Aggregate capital and reserves			

Associated company

Hunwick Engineering Limited

Registered office: Maple Unit Gosfield Business Park, The Old Airfield, Gosfield, Essex, England, CO9 1SA

Nature of business: Manufacture of metal structures

	% holding		
Class of shares:			
Ordinary	50.00	31.3.20 £ (63,403) <u>(17,300)</u>	31.3.19 £ (56,105) <u>(56,107)</u>
Aggregate capital and reserves			
Loss for the year			

12. **STOCKS**

	31.3.20 £ <u>200,000</u>	31.3.19 £ <u>-</u>
Stocks		

13. **DEBTORS**

	31.3.20 £	31.3.19 £
Amounts falling due within one year:		
Trade debtors	1,538,560	612,580
Amounts due from construction contracts	2,757,170	3,305,146
Value added tax	114,559	464,486
Amount owed by related party	250,000	250,000
Corporation tax recoverable	584,405	-
Prepayments	39,092	65,951
Other debtors	115,974	2,180
	<u>5,399,760</u>	<u>4,700,343</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

13. DEBTORS - continued

	31.3.20 £	31.3.19 £
Amounts falling due after more than one year:		
Amounts due from construction contracts	-	788,574
	<u>-</u>	<u>788,574</u>
Aggregate amounts	<u>5,399,760</u>	<u>5,488,917</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.20 £	31.3.19 £
Bank loans and overdrafts (see note 16)	10,879	11,253
Hire purchase contracts (see note 17)	59,131	-
Trade creditors	1,963,465	4,142,919
Social security and other taxes	206,753	161,380
VAT	4,788	-
Other creditors	65,081	50,524
Amount owed to related parties	162,288	13,710
Finance lease	-	142,939
Amounts payable on construction contracts	727,761	367,514
Directors' current accounts	98,312	131
Accruals and deferred income	74,333	154,226
	<u>3,372,791</u>	<u>5,044,596</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.20 £	31.3.19 £
Bank loans (see note 16)	91,421	99,376
Hire purchase contracts (see note 17)	191,872	-
	<u>283,293</u>	<u>99,376</u>

16. LOANS

An analysis of the maturity of loans is given below:

	31.3.20 £	31.3.19 £
Amounts falling due within one year or on demand:		
Bank loans	<u>10,879</u>	<u>11,253</u>
Amounts falling due between one and two years:		
Bank loans	<u>10,879</u>	<u>11,253</u>
Amounts falling due between two and five years:		
Bank loans	<u>32,637</u>	<u>33,758</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

16. **LOANS - continued**

	31.3.20 £	31.3.19 £
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>47,905</u>	<u>54,365</u>

The company has in place one long-term loan from its bankers on which the bank has a fixed and floating charge over the assets of the company

Included in bank loans is an amount of £102,299 (2019 - £110,629) which is repayable by May 2031 at an interest rate of bank base rate plus 2.88% per annum.

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.20 £	31.3.19 £
Net obligations repayable:		
Within one year	59,131	-
Between one and five years	<u>191,872</u>	<u>-</u>
	<u>251,003</u>	<u>-</u>
	Non-cancellable operating leases	
	31.3.20 £	31.3.19 £
Within one year	129,434	5,089
Between one and five years	<u>150,515</u>	<u>137,850</u>
	<u>279,949</u>	<u>142,939</u>

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.20 £	31.3.19 £
Bank loans	102,300	110,629
Hire purchase contracts	251,003	-
Finance lease	<u>-</u>	<u>142,939</u>
	<u>353,303</u>	<u>253,568</u>

Bank loans and overdraft are secured by a fixed and floating charge over the company's assets.

The hire purchase liabilities are secured against related assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	31.3.20	31.3.19
Number:	Class:		£	£
100	Ordinary		<u>100</u>	<u>100</u>

20. RESERVES

	Retained earnings £
At 1 April 2019	2,318,297
Profit for the year	1,204,406
Dividends	<u>(120,000)</u>
At 31 March 2020	<u><u>3,402,703</u></u>

21. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of directors and employees. The charge for the year to this scheme was £74,106 (2019 - £8,830) in respect of employees and £2,632 (2019 - £267) in respect of directors. At the year end there were unpaid contributions of £8,481 (2019 - £1,453).

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2020 and 31 March 2019:

	31.3.20 £	31.3.19 £
S R Pledger and S R Pledger		
Balance outstanding at start of year	(130)	(904)
Amounts advanced	25,000	60,000
Amounts repaid	(123,182)	(59,226)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(98,312)</u>	<u>(130)</u>

23. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity**Hadham Limited**

During the year the company traded services with Hadham Limited, a company which is owned by a co-shareholder. All transactions were dealt with on a normal trading basis. There were sale of goods and services during the year totalling £NIL (2019 - £45,000). The company owed £13,754 (2019 - £6,000) at the year end.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

Entities over which the entity has control, joint control or significant influence

S & L Plant

During the year the company traded services with S & L Plant, which is a trading partnership between a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were purchase of services during the year totalling £354,780 (2019 - £379,200). S & L Plant owed £NIL (2019 - £24,000) to company at the year end and company owed £534 to S & L Plant (2019 - £9,300).

Rebel Strength Limited

During the year the company traded services with Rebel Strength Limited, a company owned by a director and a co-shareholder. All transactions were dealt with on a normal trading basis. The company recharged overheads of £19,623 (2019 - £5,730). There were also sale of services totalling £NIL (2019 - £5,731) and purchases of £159,165 (2019 - £19,082) during the year. The amount owed by the company to Rebel Strength at the balance sheet date was £52,826 (2019 - £51,052) and the amount owed by Rebel Strength at the balance sheet date was £70,970.64 (2019 - £ 70,133)

Hunwick Engineering Limited

During the year the company traded services with Hunwick Engineering Limited, a company 50% owned by Alloy Fabweld Limited. All transactions were dealt with on a normal trading basis. There were sales of services and material during the year totalling £491,451 (2019 - £377,455). There were purchase of services and material of £695,700 (2019 - £402,617). The amount owed by the company at the balance sheet date was £177,676 (2019 - £25,162) and the amount owed to the company by Hunwick Engineering Ltd at the balance sheet date was £227,781 (2019 - £Nil)

Flexi Group Limited

During the year the company traded services with Flexi Group Limited, a company owned by a director and co-shareholder. All transactions were dealt with on a normal trading basis. There were sales of services and material during the year totalling £1,798,472 (2019 - £1,779,519). There were purchase of services and material of £72,488 (2019 - £205,597). The amount owed by the company at the balance sheet date was £266,618 (2019 - £40,351) and the amount owed to the company by Flexi Group Ltd at the balance sheet date was £ 288,400 (2019 - £Nil). The Company did not raise a management charge in this financial period (2019 - £250,000), which was owed to the Company at the balance sheet date.

Key management personnel of the entity or its parent (in the aggregate)

During the year the company occupied premises owned by a director and a co-shareholder. The company paid rent of £87,660 in respect thereof (2019 - £85,000).

Personal guarantees have been given by S R Pledger and L S Kirtland individually and jointly in support of the company's bank overdraft facility, which is limited to £250,000 overall, £125,000 to each individual.

Other related parties

Key management personnel compensation

Directors and key staff

The total remuneration of directors and other key staff members in 2020 (including salaries and other benefits) was £565,145 (2019 - £437,490).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.