

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
ALLOY FABWELD LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2021**

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ALLOY FABWELD LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021

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 2021**

The directors present their strategic report for the year ended 31 March 2021.

REVIEW OF BUSINESS

The Company has for the 2021 year successfully steered a course of balance. Many variables have swept into the construction markets. Our task has been to hold a steady line in the ever-changing world of Covid Safe Planning and efficiencies.

Orders have remained steady and we have already written 70% of next year's work book. Our market remains competitive as we seek added value in a more niche working environment. Material and labour costs have started to rise significantly in the last quarter of the year.

Throughout 2020/21 the Company has managed strategic growth in the niche engineering areas of expertise. We have been working consistently with our departments to concentrate measures to further build responsible communication lines. We are now seeing our CRM Programming platform being utilised across the user group. We have managed to head off some of the rising material increases by utilising the look ahead processes implemented in the second and third quarter of 2020.

To maintain workforce retention, our consideration and approach has required significant change over the last 12 months. Covid working protocols and changing needs of the workforce, focusing on the wellbeing of staff has meant our Peoples Department has been busy undertaking new compliance reviews to comply with the latest government protocols and safe working COVID 19 initiatives. This is still the lions share of our business focus and we have successfully manoeuvred our business to meet the changing business landscape and continue to do so.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The company continued to establish a framework of policies and procedures, with the objective of minimising avoidable risks to the business. We have seen strong growth in the compliance department and now are starting to see considerable strengthening of traceable commercial and operational procedures.

MENTORS

Our Senior Leadership Team continues to develop and has been inspiring in helping us to steer through the latest wave of Covid and material shortages in the last trading quarter.

We continue to promote Modern Construction Methods for Modular Engineering (MCMME) to aid further our off site delivery demands. We are steering towards a more sustainable approach to reporting and manufacturing techniques and see this being a large focus towards future growth.

FINANCIAL RISK MANAGEMENT

The principal risk to the business has changed considerably over the last 12 months as Covid changes the business landscape. We have set up a small team to review and steer the business and make sure we stay abreast of the ever-changing UK business landscape.

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 our 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 workbook affiliated to companies with a turnover of + £800m.

MARKET RISK

There are considerable market risks attributable to raw materials arising from fluctuations in the market prices. We have seen significant increases in the second half of the year depending on the demand and supply in the local and international market. The company continues to manage this risk by dealing with reputable suppliers, forward purchasing where possible 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.

REGULATORY COMPLIANCE

The laws and regulations governing the industry in which the 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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

FUTURE DEVELOPMENTS

Following a period of sustained delivery in our sector, and with the full support and enthusiasm of our staff, Alloy Fabweld Ltd and its associated companies are pleased to have recruited an experienced CEO already well embedded in the UK Manufacturing and Engineering sector to develop and lead our SL Teams from Q2 2022.

Bill Williams is committed to help develop and lead the next phase of our strategic growth.

His knowledge of building and developing lead UK based Engineering companies, solidifies our long term goals to be recognised as industry leaders in the UK Construction Engineering and Modular sector.

Bill's supports our ambition to continue to deliver front facing innovation in all of our products and services to our customers, bringing value across our MMC processes and providing further solidification to our ESG and sustainability reporting, as we aim towards our carbon neutral manufacturing goals.

Alloy Fabweld Ltd (AFW) continue to position their teams to drive towards becoming a Premier National Engineering Provider (PNEP) giving quality construction engineering products of an accuracy, only just biting into the UK Modular market. The last 12 months has seen significant growth to this area of the business. Within 3 years we foresee as much as 50% of our turnover being generated from this newer modern of Modular integrated Engineering.

We continue to look at long term investment and how we strategies the business to meet its longer long term core objectives. Our new factory facility remains at the front of the planning deliverables, we are working towards a 2023 / 24 integration of process technologies to aid efficiency and build on our known quality and standing in the industry.

We continue to develop planned re-investment in the company to meet future demands brought on by sustainable working practices. We are starting to see our push towards working in cognitively diverse groups, has started to boost our creativity thinking and problem solving. We see this as in intrinsic part of our DNA as we steer through the current global supply chain changes.

Covid working practices have brought to the fore the needs of our Specialist Management Team to deliver to our 2025 / 30 vision making sure we diversify as necessary to meet our fast-changing customer needs.

Our focus has been to bring to the fore lean working practices as the year unfolded and how we drive the dynamics of the business very much relies on how we see the future landscape ahead. We have seen some material & labour increases and see this continuing to be our greatest focus forward.

The year ahead will be a test for all businesses. We have an understanding of our markets and are working continually to develop and train our workforce. Our culture changes over the last few years are starting to pay off, as we see our younger workforce develop strongly into roles of their chosen choice.

We have embraced new working and social distancing measures well. The business landscape has changed and we change with it. Covid has brought pressures and thinking which really brings the resilience of our teams to the fore. We review the wellbeing of our staff regularly to make sure our teams remain focused on keeping us at the fore front end of UK metal work delivery.

We continue to see our other specialists businesses performing well and we continue working together to strengthen our own growth.

We are excited with the future structure and growth plans. We have made the decision to bring in a Senior Director who will span across our group of businesses, to help develop strategy and Apprenticeship Structure. We have allowed ourselves a year to determine candidates and fully drill into what our business and all the family of businesses need. We have a good SLT and see further development through our continued VISTAGE Pier Mentorship program.

We continue to develop EIS & CSR manufacturing processes realising our push to become carbon neutral in line with government policy.

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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

We have worked hard to keep the business fluid as many costs start to rise around us. Material and logistic cost pressures have seen our margin erode slightly, but we continue to bear a profit and our cash at bank has stayed robust through a period of changing business climate brought on by Covid.

RESEARCH AND DEVELOPMENT

We have continued to invest heavily in new product and processing techniques. We see this area of our business as our future sustained growth. Our 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 are working on 2 projects which will see significant growth and margin from 2024 / 2025. Strong R&D projects take 5 years to bring a sustainable engineered solution to market.

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

31 December 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

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

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:

£75	- 30 June 2020
£75	- 30 September 2020
£75	- 31 December 2020
£75	- 31 March 2021
<u>£300</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2021 will be £ 30,000 .

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 2021 in the issued share capital of the company were as follows:

	31.3.21	1.4.20
Ordinary £1 shares		
S R Pledger	50	50
D T Maidstone	-	-

CHARITABLE DONATIONS

During the year the company made charitable contributions totalling £43,674 (2020 - £11,161). These contributions were made in furtherance of the company's charitable 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 2021**

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

31 December 2021

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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 seven, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant are those that relate to the reporting framework (FRS102) and the relevant tax compliance regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management, the company directors, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the board, discussion with the board and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring with management and the board during the planning and execution phase of our audit. We considered the programs and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the directors' and management; and focused testing.

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.

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

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

31 December 2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	31.3.21 £	31.3.20 £
TURNOVER	4	13,047,160	15,463,815
Cost of sales		<u>(10,684,371)</u>	<u>(12,745,570)</u>
GROSS PROFIT		2,362,789	2,718,245
Administrative expenses		<u>(2,236,181)</u>	<u>(2,126,939)</u>
		126,608	591,306
Other operating income		<u>710</u>	<u>38,450</u>
OPERATING PROFIT	6	127,318	629,756
Interest receivable and similar income		<u>624</u>	<u>643</u>
		127,942	630,399
Interest payable and similar expenses	7	<u>(11,858)</u>	<u>(10,398)</u>
PROFIT BEFORE TAXATION		116,084	620,001
Tax on profit	8	<u>294,010</u>	<u>584,405</u>
PROFIT FOR THE FINANCIAL YEAR		<u>410,094</u>	<u>1,204,406</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	31.3.21 £	31.3.20 £
PROFIT FOR THE YEAR		410,094	1,204,406
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>410,094</u>	<u>1,204,406</u>

BALANCE SHEET
31 MARCH 2021

	Notes	31.3.21 £	31.3.20 £
FIXED ASSETS			
Tangible assets	10	825,652	870,101
Investments	11	<u>5,100</u>	<u>5,100</u>
		<u>830,752</u>	<u>875,201</u>
CURRENT ASSETS			
Stocks	12	171,670	200,000
Debtors	13	5,989,954	5,399,760
Investments	14	285,850	-
Cash at bank and in hand		<u>1,066,961</u>	<u>583,926</u>
		7,514,435	6,183,686
CREDITORS			
Amounts falling due within one year	15	<u>(3,766,054)</u>	<u>(3,372,791)</u>
NET CURRENT ASSETS		<u>3,748,381</u>	<u>2,810,895</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,579,133</u>	<u>3,686,096</u>
CREDITORS			
Amounts falling due after more than one year	16	<u>(796,236)</u>	<u>(283,293)</u>
NET ASSETS		<u>3,782,897</u>	<u>3,402,803</u>
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Retained earnings	21	<u>3,782,797</u>	<u>3,402,703</u>
SHAREHOLDERS' FUNDS		<u>3,782,897</u>	<u>3,402,803</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 December 2021 and were signed on its behalf by:

S R Pledger - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 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
Changes in equity			
Dividends	-	(30,000)	(30,000)
Total comprehensive income	-	410,094	410,094
Balance at 31 March 2021	100	3,782,797	3,782,897

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	31.3.21 £	31.3.20 £
Cash flows from operating activities			
Cash generated from operations	1	(79,618)	(1,059,755)
Interest paid		(4,202)	(2,929)
Interest element of hire purchase payments paid		(7,656)	(7,469)
Tax paid		328,511	584,405
Net cash from operating activities		<u>237,035</u>	<u>(485,748)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(72,948)	(183,104)
Purchase of fixed asset investments		-	(5,000)
Current asset investment		(285,850)	-
Interest received		624	643
Net cash from investing activities		<u>(358,174)</u>	<u>(187,461)</u>
Cash flows from financing activities			
New loans in year		750,000	-
Loan repayments in year		(3,057)	(8,239)
Capital repayments in year		(44,994)	108,064
Amount introduced by directors		40,533	-
Amount withdrawn by directors		(108,308)	98,181
Equity dividends paid		(30,000)	(120,000)
Net cash from financing activities		<u>604,174</u>	<u>78,006</u>
Increase/(decrease) in cash and cash equivalents		<u>483,035</u>	<u>(595,203)</u>
Cash and cash equivalents at beginning of year	2	583,926	1,179,129
Cash and cash equivalents at end of year	2	<u>1,066,961</u>	<u>583,926</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

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

	31.3.21	31.3.20
	£	£
Profit before taxation	116,084	620,001
Depreciation charges	117,397	107,228
Finance costs	11,858	10,398
Finance income	(624)	(643)
	<u>244,715</u>	<u>736,984</u>
Decrease/(increase) in stocks	28,330	(200,000)
(Increase)/decrease in trade and other debtors	(590,194)	89,065
Increase/(decrease) in trade and other creditors	<u>237,531</u>	<u>(1,685,804)</u>
Cash generated from operations	<u>(79,618)</u>	<u>(1,059,755)</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 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>1,066,961</u>	<u>583,926</u>

Year ended 31 March 2020

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

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank and in hand	583,926	483,035	1,066,961
	<u>583,926</u>	<u>483,035</u>	<u>1,066,961</u>
Liquid resources			
Current asset investments	-	285,850	285,850
	<u>-</u>	<u>285,850</u>	<u>285,850</u>
Debt			
Finance leases	(251,003)	44,994	(206,009)
Debts falling due within 1 year	(10,879)	(187,491)	(198,370)
Debts falling due after 1 year	(91,421)	(559,452)	(650,873)
	<u>(353,303)</u>	<u>(701,949)</u>	<u>(1,055,252)</u>
Total	<u>230,623</u>	<u>66,936</u>	<u>297,559</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

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.

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:

	31.3.21	31.3.20
	£	£
United Kingdom	13,047,160	15,463,815
	<u>13,047,160</u>	<u>15,463,815</u>

5. EMPLOYEES AND DIRECTORS

	31.3.21	31.3.20
	£	£
Wages and salaries	2,615,702	3,732,301
Social security costs	288,298	358,445
Other pension costs	54,679	74,078
	<u>2,958,679</u>	<u>4,164,824</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

5. **EMPLOYEES AND DIRECTORS - continued**

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

	31.3.21	31.3.20
Directors	2	2
Direct staff	72	85
Administration	14	27
	<u>88</u>	<u>114</u>
	31.3.21	31.3.20
	£	£
Directors' remuneration	<u>144,167</u>	<u>120,000</u>

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.3.21	31.3.20
	£	£
Other operating leases	43,094	22,457
Depreciation - owned assets	117,397	107,226
Auditors' remuneration	<u>19,000</u>	<u>19,000</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.21	31.3.20
	£	£
Bank interest	996	713
Bank loan interest	3,206	2,216
Hire purchase interest	<u>7,656</u>	<u>7,469</u>
	<u>11,858</u>	<u>10,398</u>

8. **TAXATION**

Analysis of the tax credit

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

	31.3.21	31.3.20
	£	£
Current tax:		
UK corporation tax	34,501	-
Research & development claims	<u>(328,511)</u>	<u>(584,405)</u>
Tax on profit	<u>(294,010)</u>	<u>(584,405)</u>

UK corporation tax has been charged at 19% (2020 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

8. TAXATION - continued

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:

	31.3.21 £	31.3.20 £
Profit before tax	116,084	620,001
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	22,056	117,800
Effects of:		
Expenses not deductible for tax purposes	6,493	14,166
Capital allowances in excess of depreciation	-	(14,788)
Depreciation in excess of capital allowances	10,454	-
Utilisation of tax losses	(4,502)	(117,178)
R&D Debtor	(328,511)	(584,405)
Total tax credit	(294,010)	(584,405)

Factors that may affect future tax charges

Tax losses

The company has corporation tax losses of £NIL (2020 - £23,692) arising from enhanced research and development claims, which are available to carry forward for offset against future taxable profits.

9. DIVIDENDS

	31.3.21 £	31.3.20 £
Ordinary shares of £1 each		
Interim	30,000	120,000

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & fixtures £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 April 2020	204,657	692,735	231,283	113,693	1,242,368
Additions	12,282	25,386	8,000	27,280	72,948
At 31 March 2021	216,939	718,121	239,283	140,973	1,315,316
DEPRECIATION					
At 1 April 2020	12,375	166,099	121,345	72,448	372,267
Charge for year	3,216	67,412	28,828	17,941	117,397
At 31 March 2021	15,591	233,511	150,173	90,389	489,664
NET BOOK VALUE					
At 31 March 2021	201,348	484,610	89,110	50,584	825,652
At 31 March 2020	192,282	526,636	109,938	41,245	870,101

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

10. **TANGIBLE FIXED ASSETS - continued**

Included in cost of land and buildings is freehold land of £ 50,000 (2020 - £ 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 2020

and 31 March 2021

5,100

NET BOOK VALUE

At 31 March 2021

5,100

At 31 March 2020

5,100

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	31.7.20 £ 100	31.7.19 £ 100
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	31.3.21 £ 34,488	31.3.20 £ (63,403)
Aggregate capital and reserves			
Profit/(loss) for the year		97,891	(17,300)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

12.	STOCKS	31.3.21 £	31.3.20 £
	Stocks	<u>171,670</u>	<u>200,000</u>
13.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.21 £	31.3.20 £
	Trade debtors	1,228,064	1,538,560
	Amounts due from construction contracts	3,619,007	2,757,170
	Value added tax	193,564	114,559
	Amount owed by related party	349,550	250,000
	Corporation tax recoverable	328,511	584,405
	Prepayments	167,191	39,092
	Other debtors	<u>104,067</u>	<u>115,974</u>
		<u>5,989,954</u>	<u>5,399,760</u>
14.	CURRENT ASSET INVESTMENTS	31.3.21 £	31.3.20 £
	Land held for redevelopment	<u>285,850</u>	<u>-</u>
15.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.21 £	31.3.20 £
	Bank loans and overdrafts (see note 17)	198,370	10,879
	Hire purchase contracts (see note 18)	60,646	59,131
	Trade creditors	1,821,697	1,963,465
	Corporation tax	34,501	-
	Social security and other taxes	99,645	206,753
	VAT	-	4,788
	Other creditors	14,322	65,081
	Amount owed to related parties	290,295	162,288
	Amounts payable on construction contracts	955,565	727,761
	Directors' current accounts	30,537	98,312
	Accruals and deferred income	<u>260,476</u>	<u>74,333</u>
		<u>3,766,054</u>	<u>3,372,791</u>
16.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.3.21 £	31.3.20 £
	Bank loans (see note 17)	650,873	91,421
	Hire purchase contracts (see note 18)	<u>145,363</u>	<u>191,872</u>
		<u>796,236</u>	<u>283,293</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

17. **LOANS**

An analysis of the maturity of loans is given below:

	31.3.21 £	31.3.20 £
Amounts falling due within one year or on demand:		
Bank loans	<u>198,370</u>	<u>10,879</u>
Amounts falling due between one and two years:		
Bank loans	<u>198,370</u>	<u>10,879</u>
Amounts falling due between two and five years:		
Bank loans	<u>407,610</u>	<u>32,637</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>44,893</u>	<u>47,905</u>

The company has in place two long term loans 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 £ 99,243 (2020 - £102,299) which is repayable by May 2031 at an interest rate bank base rate plus 2.88% per annum. The company also has a Corona Virus Business Interruption Loan of £750,000 which is repayable in 60 equal instalments commencing June 2021.

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.21 £	31.3.20 £
Net obligations repayable:		
Within one year	60,646	59,131
Between one and five years	<u>145,363</u>	<u>191,872</u>
	<u>206,009</u>	<u>251,003</u>
	Non-cancellable operating leases	
	31.3.21 £	31.3.20 £
Within one year	131,188	129,434
Between one and five years	<u>146,973</u>	<u>150,515</u>
	<u>278,161</u>	<u>279,949</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.21	31.3.20
	£	£
Bank loans	849,243	102,300
Hire purchase contracts	206,009	251,003
	<u>1,055,252</u>	<u>353,303</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.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.21	31.3.20
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

21. RESERVES

	Retained earnings £
At 1 April 2020	3,402,703
Profit for the year	410,094
Dividends	<u>(30,000)</u>
At 31 March 2021	<u>3,782,797</u>

22. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of directors and employees. The charge for the year to this scheme was £57,305 (2020-£74,106) in respect of employees and £2,626 (2020-£2,632) in respect of directors. At the year end there were unpaid contributions of £13,317 (2020-£8,481).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

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

	31.3.21 £	31.3.20 £
S R Pledger		
Balance outstanding at start of year	(98,312)	(130)
Amounts advanced	93,308	25,000
Amounts repaid	-	(123,182)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(5,004)</u>	<u>(98,312)</u>

24. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

Hadham Engineering 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 a sale of goods and services during the year totalling £1,170 (2020 - £Nil). The company made purchases from Hadham Engineering Limited during the year of £31,980 (2020 - £Nil). The company owed £52,130 (2020 - £13,574) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

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 purchases of services during the year totalling £396,925 (2020-£354,780). S & L Plant owed £Nil (2020 -£Nil) to company at the year end and company owed to S & L Plant £86,886 (2020-£534).

Rebel Strength Limited

During the year the company traded services with Rebel Strength Limited, a company owned by a director and co-shareholder. All transactions were dealt with on a normal trading basis. The company recharged overheads of £25,271 (2020-£19,623). There were also sale of services totalling

£25,783 (2020-£Nil) and purchases of £98,209 (2020-£159,165) during the year. The amount owed by the company to Rebel Strength Limited at the balance sheet date was £129,565 (2020-£52,826) and the amount owed by Rebel Strength to the Company at the balance sheet date was £87,654 (2020 - £70,970).

Flexi Group Limited

During the year the company traded services with Flexi Group Limited, a company owned by a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were sale of services during the year totalling £1,723,745 (2020-£1,798,472) There were purchases of services and material of £328,236 (2020-£72,488) The amount owed by the company at the balance sheet date was £126,669 (2020-£266,618). At the balance sheet date the amount owed to the company by Flexi Group Limited was £184,308 (2020-£288,440). The company has raised management charges of £350,000 which was still owed to the company at the balance sheet date.

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 during the year totalling £98,327 (2020-£491,451) There were purchases of services and material of £1,343,047 (2020-£695,700). The amount owed by the company at the balance sheet date was £415,199 (2020-£177,676) and the amount owed to the company by Hunwick Engineering Ltd at the balance sheet date was £28,761 (2020-£227,781).

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

During the year the company occupied premises owned by a director and co-shareholder. The company paid rent of £87,660 in respect thereof (2020-£87,660)

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 and £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 2021 (including salaries and other benefits) was £515,060 (2020 - £565,145).

During the year the company entered into a transaction to purchase land from the Financial Controller.

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.