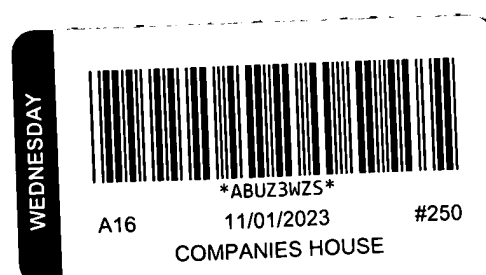


# **Alucraft Systems Limited**

## **Report and Financial Statements**

31 December 2021



## Alucraft Systems Limited

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### Office and Professional Advisers

#### Directors

J McHugh  
A J Ducker  
A Williamson  
J G Rawlings  
D B Manning (resignation 09 March 2022)

#### Auditors

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

#### Bankers

Lloyds Bank  
17 George Street  
Tamworth,  
Staffs  
B79 7LW

#### Registered Office

4 Ninian Park  
Ninian Way  
Tamworth  
Staffordshire  
B77 5ES

#### Registered Number

03667231

## Alucraft Systems Limited

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Registered No. 03667231

### Strategic report

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2021.

#### Principal activities and business review

The principal activity of the company during the year was that of major commercial glazing contractors.

The company uses a range of performance measures to monitor and manage the business effectively, the most significant of which are the key performance indicators ("KPI's"). The KPI's for the company are turnover, gross profit margins and profit before taxation. These KPI's indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered.

The KPI's for the year to 31 December 2021 are as follows:

	2021	2020
	£	£
Turnover	14,872,765	17,914,844
(Loss)/profit before taxation	(2,427,895)	923,689

The directors are disappointed to report the company's financial position at the year end, which shows net current liabilities of £1,597,062 and shareholders' deficit of £1,180,019.

The results for 2021 show a decrease in turnover compared to 2020.

The company has a substantial order book for 2022 and 2023, plus a substantial pipeline of opportunities to consider and the Directors are confident of a return to profitability in 2022.

#### Principal risks and uncertainties

The key risk present in the construction industry is current rate of inflation and the general economic outlook. The Company secures supply chain in conjunction with new contract wins in order to hedge against potential future price increases. Having successfully managed through Covid restrictions, we are well placed to handle any disruption that does occur going forward.

Other risks are exposure to liquidity, credit and interest, which arise in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below:

Whilst the coronavirus pandemic had an impact on trading for 2021, the priority for the business is the wellbeing of its staff and the long-term strength of the company.

The company's strategy is to follow an approved risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

## Alucraft Systems Limited

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### Strategic report

#### ***Financial instrument risks***

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital funding exists and monitor the management of risk at a business unit level.

The company's principal financial instruments comprise cash, trade debtors and creditors and certain other debtors and creditors. The main risks associated with these financial assets and liabilities are set out below.

#### ***Liquidity risk***

The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

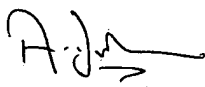
#### ***Credit risk***

The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

#### ***Interest rate risk***

The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

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



ANDY DUCKER

Director

Date: 20<sup>th</sup> December, 2022

## Alucraft Systems Limited

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Registered No. 3667231

### Director's report

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

#### Results and dividends

The loss for the year after taxation amounted to £1,859,899 (2020 – profit of £724,939). No dividends were paid during the year (2020 – £nil).

#### Principal activity and review of the business

The principal activity of the company was that of major commercial glazing contractors. The directors consider the results for this year to be satisfactory.

#### Directors

The directors who served the company during the year were as follows:

J McHugh

A J Ducker

A Williamson

J G Rawlings

D B Manning (resignation 09 March 2022)

#### Events after the end of the reporting period

There have been no events between the reporting period and the date on which the financial statements were approved by the directors of the Company, which would require adjustment to the financial statements, or any additional disclosures.

#### Going concern

The company has net current liabilities of £1,597,062 (2020: net current assets of £210,369) at year end.

The financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a period to 31 December 2023. The Directors have determined based on recent trading and projected cash flows of The Clarison Group ("the Group"), of which the Company is a part, that the Group is able to meet its liabilities for the period to 31 December 2023. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the current economic conditions.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Disclosure of information in the strategic report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic Report and Director's Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2006.

#### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Alucraft Systems Limited

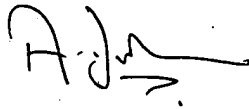
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### Director's report

#### Auditor

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By behalf of the Board

A handwritten signature in black ink, appearing to read 'A. Ducker', with a stylized flourish extending to the right.

ANDY DUCKER  
Director

Date: 20<sup>th</sup> December, 2022

## Alucraft Systems Limited

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### **Directors' Responsibilities Statements**

The directors are responsible for preparing the annual report 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). 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

# Independent auditors' report

to the members of Alucraft Systems Limited

## Opinion

We have audited the financial statements of Alucraft Systems Limited for the year ended 31 December 2021 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 16, 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 FRS 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 company's affairs as at 31 December 2021 and of its loss 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 Auditor's 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 till 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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



## **Independent auditors' report**

**to the members of Alucraft Systems Limited**

### **Other information (continued)**

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 course of 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 is 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.

# Independent auditors' report

to the members of Alucraft Systems Limited

## Auditor's 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 an auditor's report 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.

## *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including in relation to the Coronavirus Job Retention Scheme rules, health and safety and GDPR.
- We understood how the company is complying with those frameworks by making enquires of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquired through our review of Board minutes and correspondence with relevant authorities and noted there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by utilising internal and external information to perform a fraud risk assessment. We considered the risk of fraud through management override and, in response, we incorporated testing manual journals and designed procedures 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 noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. Our procedures also included a focus on the Coronavirus Job Retention Scheme to understand how the company complied with the scheme rules and the testing of a sample of claims made under the Scheme. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the company regarding compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

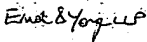
## Independent auditors' report

to the members of Alucraft Systems 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 an auditor's report 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.

DocuSigned by:



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Michael Kidd (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

Date: 22 December 2022

# Alucraft Systems Limited

## Income Statement

for the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Turnover</b>		14,872,765	17,914,844
Cost of sales		<u>(12,675,457)</u>	<u>(13,017,184)</u>
<b>Gross margin</b>		2,197,308	4,897,660
Distribution costs		(405)	(1,505)
Administrative expenses	3	(4,724,561)	(4,022,009)
Other operating income	4	<u>99,763</u>	<u>50,787</u>
<b>Operating (loss)/profit</b>		(2,427,895)	924,933
Interest payable and similar expenses	7	<u>-</u>	<u>(1,244)</u>
<b>(Loss)/profit before taxation</b>		(2,427,895)	923,689
Tax credit/(charge)	8	<u>567,996</u>	<u>(198,750)</u>
<b>(Loss)/profit for the financial year and total comprehensive (expense)/income</b>		<u><u>(1,859,899)</u></u>	<u><u>724,939</u></u>

All the activities of the company are from continuing operations.

There were no recognised gains and losses for 2021 other than those included in the profit and loss account.

The notes on pages 14 to 22 form part of these financial statements.

## Alucraft Systems Limited

**Statement of Financial Position**

at 31 December 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	9	417,043	470,422
<b>Current assets</b>			
Stocks	10	60,435	22,559
Debtors	11	4,210,788	3,162,909
Cash at bank and in hand		346,912	766,573
		<u>4,618,135</u>	<u>3,952,041</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(6,215,197)</u>	<u>(3,741,672)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,597,062)</u>	<u>210,369</u>
<b>Total assets less current liabilities</b>		<u>(1,180,019)</u>	<u>680,791</u>
<b>Provisions</b>			
Deferred tax liability	8	-	(911)
<b>Net (liabilities)/assets</b>		<u>(1,180,019)</u>	<u>679,880</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		<u>(1,180,119)</u>	<u>679,780</u>
<b>Shareholders deficit</b>		<u>(1,180,019)</u>	<u>679,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



ANDY DUCKER

Director

Date: 20<sup>th</sup> December, 2022

Company registration number: 3667231

Alucraft Systems Limited

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## **Statement of Financial Position**

**at 31 December 2021**

The notes on pages 14 to 22 form part of these financial statements.

## Alucraft Systems Limited

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### Statement of Changes in Equity

year ended 31 December 2021

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
<b>At 1 January 2020</b>	100	(45,159)	(45,059)
Profit for the financial year	-	724,939	724,939
<b>At 31 December 2020</b>	100	679,780	679,880
Loss for the financial year	-	(1,859,899)	(1,859,899)
<b>At 31 December 2021</b>	100	(1,180,119)	(1,180,019)

#### **Share capital**

The balance classified as called up share capital includes the nominal value of issued company's share capital.

#### **Profit and loss account**

The company's profit and loss account include the accumulated profits and losses of the company less any dividends declared.

The notes on pages 14 to 22 form part of these financial statements.

## Alucraft Systems Limited

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# Notes to the financial statements

at 31 December 2021

## 1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4 Ninian Park, Ninian Way, Tamworth, Staffordshire, B77 SES.

## 2. Accounting policies

### ***Basis of preparation***

The company's financial statements have been prepared in compliance with United Kingdom Generally Accepted Accounting Practices, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) as it applied to the financial statements of the company for the years ended 31 December 2021 and 31 December 2020.

The company meets the definition of a qualifying entity under FRS 102 since it is a wholly owned subsidiary of The Clarison Group Limited (previously known as Hamsard 3536 Limited) which prepares group financial statements which include the company. Its shareholders have been notified about the use of the disclosure exemptions available under the Standard and they have no objections. The company has taken advantage of the following disclosure exemptions:

- The requirements of section 7 *Statement of Cash Flows* and section 3 *Financial Statement Presentation* paragraph 3.17(d) to prepare a statement of cash flows.
- The requirement of section 33 *Related Party Disclosures* paragraph 33.7 to disclose key management compensation.

The group financial statements of The Clarison Group Limited which include the disclosures above are available from its registered office: Highlands House Basingstoke Road, Spencers Wood, Reading, Berkshire, England, RG7 1NT.

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest £.

### ***Going concern***

The company has net current liabilities of £1,597,062 (2020: net current assets of £210,369) at year end.

The financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a period to 31 December 2023. The Directors have determined based on recent trading and projected cash flows of The Clarison Group ("the Group"), of which the Company is a part, that the Group is able to meet its liabilities for the period to 31 December 2023. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the current economic conditions.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### ***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 the actual outcomes could differ from the estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts in the financial statements.



## Alucraft Systems Limited

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# Notes to the financial statements

at 31 December 2021

## 2. Accounting policies (continued)

### *Work in progress*

Work in progress is measured on the cost plus basis based on budgeted figures for revenue and costs adjusted as necessary for actual work completed on site.

### *Revenue recognition*

Turnover represents the total amount receivable by the company in the ordinary course of business for goods supplied and services rendered excluding value added tax, adjusted for work in progress.

### *Income tax*

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### *Foreign currencies*

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

### *Operating leases*

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

### *Tangible assets*

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

## Alucraft Systems Limited

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# Notes to the financial statements

at 31 December 2021

## 2. Accounting policies (continued)

### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property Improvements	10% straight line
Plant and Machinery	20% straight line
Fixtures and Fittings	15% reducing balance
Motor Vehicles	25% reducing balance
Office Equipment	15% reducing balance

### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

### **Stocks**

Stocks are measured 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 the stock to its present location and condition.

### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Construction contracts*

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

#### *Provisions*

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### *Financial instruments*

##### (i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest.

Such assets are subsequently measured at amortised cost.

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 statement of income immediately.

##### ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

## Alucraft Systems Limited

**Notes to the financial statements**

at 31 December 2021

**3. Operating (loss)/profit**

This is stated after charging:

	2021	2020
	£	£
Depreciation of tangible assets	115,172	114,809
Auditors' remuneration - audit	26,165	7,373
Operating lease payments	126,606	113,399

**4. Other operating income**

	2021	2020
	£	£
<i>Furlough grants:</i>		
Grants received	99,763	50,787
	99,763	50,787

**5. Directors' remuneration**

A number of directors are remunerated by the parent and related undertakings. The amounts of that remuneration which relate to services to the company are considered negligible.

**6. Staff costs**

	2021	2020
	£	£
Wages and salaries	3,594,415	3,320,286
Social security costs	399,716	364,735
Other pension costs	88,510	67,594
	4,082,642	3,752,615

Other pension costs of £88,510 (2020 – £67,594) are in respect of the defined contribution scheme.

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

	2021	2020
	No.	No.
Employees	83	73

**7. Interest payable and similar charges**

	2021	2020
	£	£
Other interest payable	-	1,244
	-	1,244

## Alucraft Systems Limited

## Notes to the financial statements

at 31 December 2021

## 8. Tax

(a) Tax on (loss)/profit

The tax charge is made up as follows:

	2021	2020
	£	£
<b>Current tax:</b>		
UK corporation tax on the (loss)/profit for the year	(104,559)	205,965
Adjustment in respect of prior years	(101,407)	11,744
Total current tax	(205,966)	217,709
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(350,613)	(3,031)
Adjustment in respect of previous periods	75,251	(15,928)
Effect of changes in tax rates	(86,668)	-
Total deferred tax (note 8(c))	(362,030)	(18,959)
Tax on (loss)/profit	(567,996)	198,750

(b) Factors affecting current tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021	2020
	£	£
(Loss)/profit before tax	(2,427,895)	923,689
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	(461,300)	175,501
<b>Effects of:</b>		
Expenses not deductible for tax purposes	8,335	27,433
Income not taxable	(2,207)	-
Adjustment in respect of previous periods	(26,156)	(4,184)
Tax rate changes	(86,668)	-
Total tax for the year (note 8(a))	(567,996)	198,750

(c) Deferred tax (asset)/liability

**Movement in the year**

	£
At 1 January 2021	911
Adjustment in respect of previous periods	75,251
Deferred tax in the profit and loss account	(437,222)
At 31 December 2021	(361,120)

## Alucraft Systems Limited

## Notes to the financial statements

at 31 December 2021

## 8. Tax (continued)

(d) Factors that may affect future tax charges

On 3 March 2021, HM Treasury announced that the rate of corporation tax will increase to 25% for companies with effect from 1 April 2023. This rate change was substantially enacted in May 2021 and therefore the 25% rate has been used in calculating deferred tax at the balance sheet date.

## 9. Tangible assets

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2021	41,062	507,536	88,925	24,995	69,766	732,284
Reclassification	13,333	(105,820)	-	-	92,487	-
Additions	6,875	29,046	4,547	-	22,384	62,852
Disposals	-	-	-	-	-	-
At 31 December 2021	<u>61,270</u>	<u>430,762</u>	<u>93,472</u>	<u>24,995</u>	<u>184,637</u>	<u>795,136</u>
<b>Depreciation</b>						
At 1 January 2021	31,648	154,646	53,187	2,604	19,776	261,861
Reclassification	1,087	(18,049)	-	-	16,956	(6)
Charge for the year	3,034	71,938	9,099	6,249	25,917	116,237
Disposals	-	-	-	-	-	-
At 31 December 2021	<u>35,769</u>	<u>208,535</u>	<u>62,286</u>	<u>8,853</u>	<u>62,649</u>	<u>378,092</u>
<b>Carrying amount</b>						
At 31 December 2021	<u>25,500</u>	<u>222,227</u>	<u>31,186</u>	<u>16,143</u>	<u>121,988</u>	<u>417,043</u>
At 31 December 2020	<u>9,414</u>	<u>352,890</u>	<u>35,737</u>	<u>22,391</u>	<u>49,990</u>	<u>470,423</u>

## 10. Stocks

	2021	2020
	£	£
Raw materials and consumables	60,435	22,559
	<u>60,435</u>	<u>22,559</u>

There is no significant difference between the replacement cost of stock and its carrying amount.

## Alucraft Systems Limited

**Notes to the financial statements**

at 31 December 2021

**11. Debtors**

	2021	2020
	£	£
Trade debtors	166,630	42,716
Amounts owed by group undertakings	46,633	112,307
Amounts recoverable on contracts	3,338,314	2,805,817
Deferred tax asset	361,120	-
Prepayments and other debtors	298,091	202,069
	<u>4,210,788</u>	<u>3,162,909</u>

**12. Creditors – Amounts falling due within one year**

	2021	2020
	£	£
Trade creditors	1,952,932	1,281,781
Amounts owed to group undertakings	1,119,280	-
Social security and other taxes	501,739	327,209
Corporation Tax	-	205,965
Wages control	-	1,886
Accruals and other creditors	2,641,246	1,924,831
	<u>6,215,197</u>	<u>3,741,672</u>

**13. Called up share capital***Issued, called up and fully paid*

	2021		2020	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**14. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	329,463	314,675
Later than 1 year and not later than 5 years	868,161	944,173
Later than 5 years	773,266	973,266
	<u>1,970,890</u>	<u>2,232,114</u>

## Notes to the financial statements

at 31 December 2021

### 15. Contingencies

On 19 July 2018 a debenture was taken out by the parent company and fellow subsidiaries in favour of The Governor and Company of the Bank of Ireland. The debenture encompasses a fixed charge over the interests in leasehold land and buildings, present and future ancillary rights and compensation rights, all rights and claims to which the company may become entitled, all present and future rights, title, interest and benefit in and to the plant and equipment, uncalled capital, other contracts, material contracts, goodwill, any pension fund, book debts and investments. The debenture also encompasses a first floating charge over stock in trade, inventory and raw materials together with the whole of the company's undertaking and property, assets and rights whatsoever and wheresoever both present and future but not otherwise effectively already charged.

On 19 July 2018 a further debenture was taken out by the company in favour of The Governor and Company of the Bank of Ireland encompassing a fixed charge over the company's bank accounts.

On 13 March 2019 and 16 August 2019 further fixed charges and floating charges over all property and undertakings of the company were taken out by Elaghmore GP LLP and The Governor and Company of the Bank of Ireland.

### 15. Related party transactions

The company has taken advantage of the exemption available under section 33 of FRS 102 not to disclose related party transactions concerning wholly owned group companies, on the basis that its results are consolidated in the financial statements of its parent company.

### 16. Controlling party

The intermediate parent of the smallest group of undertakings to consolidate these financial statements is The Clarison Group Limited. The group financial statements of The Clarison Group Limited are available from its registered office: Highlands House, Basingstoke Road, Spencers Wood, Reading, Berkshire, RG7 1NT.

The company's ultimate parent undertaking and the parent undertaking of the largest group of undertakings to consolidate these financial statements is Elaghmore GP LLP, a company incorporated and registered in England.

The ultimate controlling party are the shareholders of Elaghmore GP LLP.



Alucraft Systems Limited

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## **Management Information**

year ended 31 December 2021

The following pages do not form part of the financial statements.

# Alucraft Systems Limited

## Detailed Income Statement

year ended 31 December 2021

	2021 £	2020 £
<b>Turnover</b>	14,872,765	17,914,844
<b>Cost of sales</b>		
Opening stock - finished goods	(69,920)	(121,991)
Purchases, consumables and equipment hire	(7,664,865)	(8,375,004)
Consultancy Fees	(198,526)	(94,709)
Direct wages & Sub Contract Labour	(4,654,125)	(4,336,568)
Factory Employer Pension Contributions	(27,586)	(18,992)
	<u>(12,615,002)</u>	<u>(12,947,264)</u>
Closing stock - finished goods	(60,435)	(69,920)
	<u>(12,675,457)</u>	<u>(13,017,184)</u>
<b>Gross Margin</b>	2,197,308	4,897,660
<b>Overheads</b>		
Distribution Costs	(405)	(1,505)
Administrative expenses	(4,724,561)	(4,022,009)
Other operating income	99,763	50,787
	<u>(4,599,110)</u>	<u>(3,972,727)</u>
<b>Operating (loss)/profit</b>	(2,427,895)	924,933
Interest payable and similar expenses	-	(1,244)
<b>(Loss)/profit before taxation</b>	<u>(2,427,895)</u>	<u>923,689</u>

## Alucraft Systems Limited

### Notes to the Detailed Income Statement

year ended 31 December 2021

	2021 £	2020 £
<b>Distribution costs</b>		
Advertising	405	1,505
<b>Administrative expenses</b>		
Administrative staff salaries	3,331,672	2,814,064
Office Employer Pension Contributions	60,925	48,602
Rent	322,330	210,527
Rates and water	113,840	128,431
Light and heat	77,086	78,421
Insurance	151,005	115,013
General repairs and maintenance	131,275	105,514
Motor expenses	41,700	39,240
Travel and subsistence	159,089	131,217
Telephone & communications	20,138	13,619
Printing, stationery, postage and software	58,396	67,819
Staff training	12,685	24,750
Recruitment fees	73,708	56,243
Sundry expenses	18,212	45,485
Legal and professional fees (allowable)	831	11,370
Auditors remuneration	26,165	7,373
Depreciation of tangible assets	116,231	114,809
(Gain)/loss on disposal of tangible assets	-	7,205
Bank charges	1,757	1,702
Office Equipment	2,615	-
Charitable Donations	100	-
General expenses	26,093	-
Foreign currency (gains)/losses	(21,291)	605
	<u>(4,724,561)</u>	<u>(4,022,009)</u>
<b>Other operating income</b>		
Furlough grants received	(99,763)	(50,787)
	<u>-</u>	<u>(4,072,796)</u>
<b>Interest payable and similar expenses</b>		
Interest on hire purchase and finance lease contracts	<u>-</u>	<u>1,244</u>