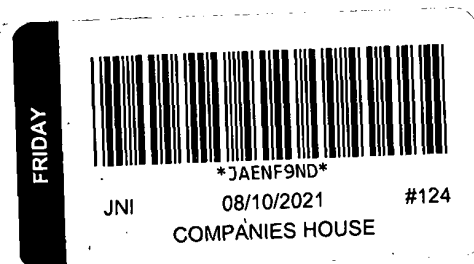


# **Alucraft Systems Limited**

## **Report and Financial Statements**

31 December 2020

Registered Number: 03667231



## **Office and Professional Advisers**

### **Directors**

J McHugh  
A J Ducker  
D B Manning  
A Williamson

### **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

Registered No. 03667231

## Strategic report

Year ended 31 December 2020

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2020.

### 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 2020 are as follows:

	2020	2019
	£	£
Turnover	17,914,844	13,036,896
Profit / (loss) before taxation	923,689	(541,388)

The directors are satisfied with the company's statement of financial position at the year end, which shows net current assets of £210,369 and shareholders' funds of £679,880.

The results for 2020 show an increase in turnover compared to 2019.

The company has a substantial order book for 2021 and a substantial pipeline of opportunities to consider.

### Principal risks and uncertainties

The key risk present in the construction industry remains the Covid-19 pandemic, and the speed of recovery and continuing growth in economic confidence, and especially in our core market of the U.K. Having successfully managed through 18 months of restrictions to date, we are well placed to handle any disruption that does occur going forward. In addition the effects of Brexit are still unfolding in the U.K. and its effect on inflation and ongoing trading with the EU remains unclear.

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:

### Coronavirus and the Covid-19 pandemic

Vaccination programmes across developed countries have reduced levels of severe illness and hospitalisation from Covid-19, and this will reduce the likelihood of future lockdowns in our key markets. Other markets globally are still suffering high levels of Covid-19 infections, and therefore the ultimate impact of the Coronavirus pandemic is not yet clear.

Whilst the coronavirus pandemic will have 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.

## Strategic report (continued)

Year ended 31 December 2020

### ***Brexit***

Whilst Brexit has caused some supply chain delays on European imports, the quantity of imports into the company is relatively low. These transactions are managed on a project by project basis to ensure no significant detrimental effect occurs to the company. The directors do not perceive there to be any other significant effects of Brexit to 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:

### ***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:



A J Ducker  
Director

Date: 29 September 2021

Registered No. 3667231

## **Director's report**

**Year ended 31 December 2020**

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

### **Results and dividends**

The profit for the year after taxation amounted to £724,939 (2019 – loss of £515,577). No dividends were paid during the year (2019 - £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  
D B Manning  
A Williamson

### **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 financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a minimum of 12 months from the date of issuing these financial statements. 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 a minimum of 12 months from the date of issuing these financial statements. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the Covid-19 pandemic.

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.

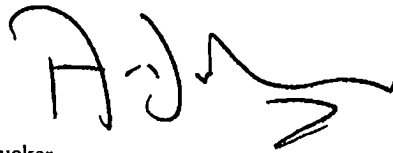
## Director's report (continued)

Year ended 31 December 2020

### 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 J Ducker  
Director

Date: 29 September 2021

## **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 2020 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 2020 and of its profit for the period 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 of at least 12 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. 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 (continued)**

### **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 there is 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 (continued)**

### **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 (continued)**

### **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.



Michael Kidd (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

07 October 2021

## Income Statement

For the year ended 31 December 2020

	Notes	2020 £	2019 £
<b>Turnover</b>		17,914,844	13,036,896
Cost of sales		<u>(13,017,184)</u>	<u>(11,326,967)</u>
<b>Gross margin</b>		4,897,660	1,709,929
Distribution costs		(1,505)	(368)
Administrative expenses	3	(4,022,009)	(2,249,277)
Other operating income	4	<u>50,787</u>	<u>-</u>
<b>Operating profit/(loss)</b>		924,933	(539,716)
Interest payable and similar expenses	7	<u>(1,244)</u>	<u>(1,672)</u>
<b>Profit/(loss) before taxation</b>		923,689	(541,388)
Tax (charge)/credit on profit/(loss)	8	<u>(198,750)</u>	<u>25,811</u>
<b>Profit/(loss) for the financial year and total comprehensive income</b>		<u>724,939</u>	<u>(515,577)</u>

All the activities of the company are from continuing operations.

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

## Statement of Financial Position

At 31 December 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	9	470,422	144,842
<b>Current assets</b>			
Stocks	10	22,559	121,991
Debtors	11	3,162,909	3,141,533
Cash at bank and in hand		766,573	342,997
		<u>3,952,041</u>	<u>3,606,521</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,741,672)</u>	<u>(3,776,552)</u>
<b>Net current assets/(liabilities)</b>		<u>210,369</u>	<u>(170,031)</u>
<b>Total assets less current liabilities</b>		<u>680,791</u>	<u>(25,189)</u>
<b>Provisions</b>			
Taxation including deferred tax	8	<u>(911)</u>	<u>(19,870)</u>
<b>Net assets/(liabilities)</b>		<u>679,880</u>	<u>(45,059)</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		<u>679,780</u>	<u>(45,159)</u>
<b>Shareholders funds/(deficit)</b>		<u>679,880</u>	<u>(45,059)</u>

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



A J Ducker  
Director

Date: 29 September 2021

Company registration number: 3667231

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

## Statement of Changes in Equity

Year ended 31 December 2020

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
<b>At 1 January 2019</b>	100	470,418	470,518
Loss for financial year	-	(515,577)	(515,577)
<b>At 31 December 2019</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

### **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.

## Notes to the financial statements

Year ended 31 December 2020

### 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 7ES.

### 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 2020 and 31 December 2019.

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 financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a minimum of 12 months from the date of issuing these financial statements. 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 a minimum of 12 months from the date of issuing these financial statements. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the Covid-19 pandemic.

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.

## Notes to the financial statements

Year ended 31 December 2020

### 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.



## Notes to the financial statements

Year ended 31 December 2020

### 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

Year ended 31 December 2020

### 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.

## Notes to the financial statements

Year ended 31 December 2020

### 3. Operating profit/(loss)

This is stated after charging:

	2020	2019
	£	£
Depreciation of tangible assets	114,809	32,550
Auditors' remuneration - audit	7,373	3,500
Operating lease payments	113,399	111,290

### 4. Other operating income

	2020	2019
	£	£
<i>Furlough grants:</i>		
Grants received	50,787	-
	<u>50,787</u>	<u>-</u>

### 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

	2020	2019
	£	£
Wages and salaries	3,320,286	1,891,110
Social security costs	364,735	203,928
Other pension costs	67,594	29,556
	<u>3,752,615</u>	<u>2,124,594</u>

Other pension costs of £67,594 (2019 – £29,556) are in respect of the defined contribution scheme.

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

	2020	2019
	No.	No.
Employees	<u>73</u>	<u>39</u>

### 7. Interest payable and similar charges

	2020	2019
	£	£
Other interest payable	1,244	1,672
	<u>1,244</u>	<u>1,672</u>

## Notes to the financial statements

Year ended 31 December 2020

### 8. Tax

#### (a) Tax on profit

The tax charge is made up as follows:

	2020	2019
	£	£
<b>Current tax:</b>		
UK corporation tax on the profit for the year	205,965	(25,811)
Adjustment in respect of prior years	11,744	-
Total current tax	<u>217,709</u>	<u>(25,811)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(3,031)	-
Adjustment in respect of previous periods	(15,928)	-
Total deferred tax (note 8(c))	<u>(18,959)</u>	<u>-</u>
Tax on profit	<u>198,750</u>	<u>(25,811)</u>

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Profit before tax	<u>923,689</u>	<u>(541,388)</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	175,501	(102,863)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	27,433	77,052
Tax (over)/under provided in previous years	(4,184)	-
Total tax for the year (note 8(a))	<u>198,750</u>	<u>(25,811)</u>

#### (c) Deferred tax liability

	£
<b>Movement in the year</b>	
At 1 January 2020	19,970
Deferred tax in the profit and loss account	<u>(18,959)</u>
At 31 December 2020	<u>911</u>

## Notes to the financial statements

Year ended 31 December 2020

### 8. Tax (continued)

(d) Factors that may affect future tax charges

On 24 May 2021, the Finance Bill 2021 was substantively enacted so that from 1 April 2023 the headline corporation tax rate will increase to 25%. We have continued to measure deferred tax at the rate of 19% as the new rate was substantively enacted after the balance sheet date. Had the 25% rate been substantively enacted on or before 31 December 2020 it would have had the effect of increasing the deferred tax liability by £1,200.

### 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 2020	34,782	111,763	85,927	30,643	50,400	313,515
Additions	6,280	395,773	2,997	24,995	19,366	449,411
Disposals	-	-	-	(30,643)	-	(30,643)
At 31 December 2020	41,062	507,536	88,925	24,995	69,766	732,284
<b>Depreciation</b>						
At 1 January 2020	30,782	73,900	35,598	18,857	9,553	168,690
Charge for the year	866	80,746	17,589	5,384	10,223	114,809
Disposals	-	-	-	(21,638)	-	(21,638)
At 31 December 2020	31,648	154,646	53,187	2,604	19,776	261,886
<b>Carrying amount</b>						
At 31 December 2020	9,414	352,890	35,738	22,391	49,990	470,422
At 31 December 2019	4,000	37,863	50,329	11,786	40,847	144,826

### 10. Stocks

	2020	2019
	£	£
Raw materials and consumables	22,559	121,991
	<u>22,559</u>	<u>121,991</u>

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

## Notes to the financial statements

Year ended 31 December 2020

### 10. Debtors

	2020	2019
	£	£
Trade debtors	42,716	186,610
Amounts owed by group undertakings	112,307	-
Amounts recoverable on contracts	2,805,817	2,830,553
Prepayments and other debtors	202,069	124,390
	<u>3,162,909</u>	<u>3,141,533</u>

### 11. Creditors – Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,281,781	1,550,789
Amounts owed to group undertakings	-	985,720
Social security and other taxes	327,209	260,758
Corporation Tax	205,965	-
Other creditors	-	(1,354)
Wages control	1,886	-
Accruals and other creditors	1,924,831	980,639
	<u>3,741,672</u>	<u>3,776,552</u>

### 12. Called up share capital

*Issued, called up and fully paid*

	2020		2019	
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100

### 13. Operating leases

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

	2020	2019
	£	£
Not later than 1 year	314,675	113,398
Later than 1 year and not later than 5 years	944,173	291,750
Later than 5 years	973,266	-
	<u>2,232,114</u>	<u>405,148</u>

## Notes to the financial statements

Year ended 31 December 2020

### 14. 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.

## **Management Information**

**Year ended 31 December 2020**

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



## Detailed Income Statement

Year ended 31 December 2020

	2020 £	2019 £
<b>Turnover</b>	17,914,844	13,036,896
<b>Cost of sales</b>		
Opening stock - finished goods	(121,991)	(211,653)
Purchases, consumables and equipment hire	(8,375,004)	(7,536,812)
Consultancy Fees	(94,709)	(274,834)
Direct wages & Sub Contract Labour	(4,336,568)	(3,420,072)
Factory Employer Pension Contributions	(18,992)	(5,587)
	<u>(12,947,264)</u>	<u>(11,448,958)</u>
Closing stock - finished goods	(69,920)	121,991
	<u>(13,017,184)</u>	<u>(11,326,967)</u>
<b>Gross Margin</b>	4,897,660	1,709,929
<b>Overheads</b>		
Distribution Costs	(1,505)	(368)
Administrative expenses	(4,020,388)	(2,249,277)
Other operating income	50,787	-
	<u>(3,971,106)</u>	<u>(2,249,645)</u>
<b>Operating (loss)/profit</b>	926,554	(539,716)
Interest payable and similar expenses	(1,244)	(1,672)
<b>(Loss)/profit before taxation</b>	<u>925,310</u>	<u>(541,388)</u>

## Notes to the Detailed Income Statement

Year ended 31 December 2020

	2020	2019
	£	£
<b>Distribution costs</b>		
Advertising	1,505	368
<b>Administrative expenses</b>		
Administrative staff salaries	2,814,064	1,636,172
Office Employer Pension Contributions	48,602	23,969
Rent	210,527	111,290
Rates and water	128,431	39,547
Light and heat	78,421	18,241
Insurance	115,013	55,343
General repairs and maintenance	105,514	26,710
Motor expenses	39,240	37,358
Travel and subsistence	131,217	144,046
Telephone & communications	13,619	9,714
Printing, stationery, postage and software	67,819	26,577
Staff training	24,750	1,645
Recruitment fees	56,243	63,375
Other staff related expenses	-	5,095
Sundry expenses	43,864	5,293
Management charges payable	-	-
Legal and professional fees (allowable)	11,370	650
Accountancy fees	-	2,127
Auditors remuneration	7,373	3,500
Depreciation of tangible assets	114,809	32,550
(Gain)/loss on disposal of tangible assets	7,205	4,917
Bank charges	1,702	1,113
Foreign currency gains/losses	605	45
	(4,020,388)	(2,249,277)
<b>Other operating income</b>		
Furlough grants received	(50,787)	-
	(4,070,873)	2,249,277
<b>Interest payable and similar expenses</b>		
Interest on hire purchase and finance lease contracts	1,244	1,672