

Company Registration No. 05960639 (England and Wales)

EXPANDED METAL HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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EXPANDED METAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J B Charlton P J Astley
Secretary	J B Charlton
Company number	05960639
Registered office	PO Box 14 Greatham Street Longhill Industrial Estate Hartlepool Cleveland TS25 1PR
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD
Bankers	HSBC plc 110 Grey Street Newcastle upon Tyne NE1 6JG
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF

EXPANDED METAL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

Expanded Metal Holdings Limited is a holding company. The Expanded Metal Company Limited, the trading subsidiary of the group, is principally engaged in the manufacture and supply of expanded metal meshes and associated security products, in the UK and overseas, of products and components, largely comprising expanded metal, to a range of markets including building/architectural/construction, automotive, security, agricultural and general industrial/engineering. The group is principally engaged in the manufacture and supply, in the UK and overseas, of products and components, largely comprising expanded metal, to a range of markets including building/architectural/construction, automotive, security, agricultural and general industrial/engineering.

During 2021 the group's performance improved significantly. Volumes returned to more normal levels and the business was able to add new customers and develop further applications for its meshes and fabricated products. This was achieved despite ongoing challenges arising from the Covid-19 pandemic, as well as disruption at the beginning of the year caused by the transition to new import/export rules ("Brexit"). The business operated continually throughout 2021 and maintained high service levels to its customer base, while complying with UK government Covid regulations/guidance. Some staff continued to work from home, but support under the JRS scheme was minimal. By the end of the year, despite the Omicron variant, the business was "operating as normal".

2021 saw well publicised problems in most supply chains throughout the world. The group maintained contracts with two key suppliers which ensured continuity of supply for its customer needs. Indeed, this availability and reliability of supply resulted in gains from competitor accounts. It also ensured that the group was able to maintain or improve its margins, as in many cases availability was considered more important than price. The group continued to invest in its human capital and extended its apprentice programme ensuring existing skills are transferred to new employees.

Capital expenditure remained relatively low in 2021 given remaining market uncertainties, but the directors have invested in a maintenance level of expenditure to ensure machinery, software, and other resources are in a good state to capitalise on increased volumes expected in 2022. Furthermore, the existing property lease which was scheduled to expire in July 2022, was extended for a further 10 years from that date, giving greater certainty for the group's medium term future.

The group's cashflow was strong during 2021 and finished the year with cash reserves well in excess of those at the beginning of the year. The group has maintained but not used a working capital facility with HSBC. Together net cash and the unused facility provide liquidity for the business for the foreseeable future. The group has been fortunate in that its diverse customer base has provided repeat business throughout the pandemic period, and no major customers have been lost to either insolvency or competitors. Likewise, the supplier base has remained robust.

Full year 2021 revenue was 42% higher than 2020. This increase was driven by the following major factors: (i) general market recovery as Covid and Brexit issues lessened, (ii) increased raw material costs successfully passed on to customers, and (iii) market share gains from competitors, together with new revenue stream introductions, including enhanced online activity. Sales to the group's top 5 customers increased by 34.5% which was more indicative of general market activity and pricing, but also shows the group continues to widen its overall customer base. Tight cost control, efficient purchasing deals, and operating efficiency improvements allowed the group to increase its gross margins. Consequently, the group was able to overturn an operating loss from 2020 and achieve a 6.5% return on turnover. EBITDA remained positive and increased by c170%.

EXPANDED METAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Fair review of the business (continued)

The group's key financial and other performance indicators during the year were as follows:

	2021 £'000	2020 £'000
Turnover	20,471	14,400
Gross Margin %	23.8%	19.8%
Operating Result	1,331	(288)
Operating Result as % of Turnover	6.5%	(2.0%)
EBITDA	1,798	666
EBITDA before management fees	2,389	1,190
Shareholder's Funds	6,299	5,266
Average Number of Employees	90	87
On time delivery to customers	93.8%	98.3%

As noted above, the business continues to generate cash from operating activities and ended the year with strong cash reserves. Inventory balances increased partly due to unit cost increases but more due to targeted purchasing opportunities to capitalise on good pricing and to ensure availability in volatile markets – this undoubtedly supported sales growth and retention. The bank facility put in place in early 2020 remained available but unutilised during the year. No dividend was paid in the year.

The business uses a range of metrics; one key measure is "on time delivery to customers", which is widely used throughout the business as it reflects our cumulative performance by the various functions within the group. In the first half of 2021 this metric fell to 90.4% due mainly to delays caused by new export paperwork as well as supply chain issues referred to above. However, it recovered to 97.1% in the second half of the year as these issues were largely resolved.

At 31 December, 2021 the group is well positioned to grow turnover and margins in 2022 and beyond.

Principal risks and uncertainties

The group has assessed the principal risks and uncertainties facing it. During 2019 the group reduced its reliance upon one raw material supplier in the UK, by agreeing a supply contract with a second supplier. The terms of renewal for these supply contracts could affect its financial and operational performance, however, the group is aware of, and maintains contact with, alternative suppliers. Additionally, the group has negotiated pricing mechanisms with these leading suppliers which aligns costs with market movements. Contracts with these two suppliers were both renewed in 2021. Nevertheless, the group will continue to maintain contacts with a wide range of agents and manufacturers.

While Brexit issues will persist in to 2022 the directors believe relationships with EU based customers remain strong and early logistical issues have been resolved.

More recently the Russian invasion of Ukraine has added further uncertainty to markets and strains on supply chains; however, the company has no direct exposure to either Russia or Ukraine, and as noted above has robust supply chains.

The group's principal financial investments comprise cash, cash equivalents and group loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the group's operating activities.

The main risks associated with the group's financial assets and liabilities are set out below.

Interest rate risk

The group invests surplus cash in a floating rate interest yielding bank deposit account. Term loans and working capital facilities are entered into at floating interest rates. The group's interest income and expenses are therefore affected by movements in interest rates. The group does not undertake any hedging activity.

EXPANDED METAL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Credit risk

The group has external debtors; however, the group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default. The group also operates a credit insurance policy.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generated by its operations. In addition, the group has access to a bank facility allowing cash to be raised against Accounts Receivable balances. While this was available throughout 2021, no cash was drawn from it.

Foreign Currency Risk

The group does not have significant foreign currency transactions and therefore does not undertake any hedging activity.

On behalf of the board



J B Charlton
Director

Date: 7/6/22

EXPANDED METAL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company is that of a holding company. The principal activity of the group continued to be that of the manufacture of expanded metal meshes and associated security products.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid (2020: £nil). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J B Charlton

P J Astley

Supplier payment policy

The group's policy is to have mutually beneficial relationships with suppliers and to agree terms of payment with the supplier in advance. Payment will normally be made in accordance with those terms. Trade creditors at 31 December 2021 represented 61 days of purchases (2020: 62 days).

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management policies and objectives and principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J B Charlton
Director

Date: 7/6/22

EXPANDED METAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and the Directors' 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPANDED METAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Expanded Metal Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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 our report, we do not express any form of assurance conclusion thereon.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPANDED METAL HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 5, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPANDED METAL HOLDINGS LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and enquiring around any correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected legal and regulatory correspondence.

The audit engagement team identified the risk of management override of controls and revenue recognition around cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in relation to the cut off risk of revenue recognition included testing revenue transactions around the year end to assess if they were recognised in the correct period.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPANDED METAL HOLDINGS 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.

Steven Cleugh

Steven Cleugh FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD
08/06/22
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EXPANDED METAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	20,471	14,400
Cost of sales		(15,600)	(11,549)
Gross profit		4,871	2,851
Distribution costs		(1,377)	(1,040)
Administrative expenses		(2,194)	(2,338)
Other operating income		31	239
Operating profit/(loss)	6	1,331	(288)
Interest receivable and similar income	8	15	18
Interest payable and similar expenses	9	(3)	(10)
Profit/(loss) before taxation		1,343	(280)
Tax on profit/(loss)	10	(310)	(51)
Profit/(loss) for the financial year		1,033	(331)


Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

EXPANDED METAL HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Fixed assets			
Goodwill	11	-	138
Tangible assets	12	1,805	2,066
		<u>1,805</u>	<u>2,204</u>
Current assets			
Stocks	15	2,738	1,424
Debtors	16	3,909	2,820
Cash at bank and in hand		2,409	1,751
		<u>9,056</u>	<u>5,995</u>
Creditors: amounts falling due within one year	17	<u>(4,332)</u>	<u>(2,733)</u>
Net current assets		<u>4,724</u>	<u>3,262</u>
Total assets less current liabilities		<u>6,529</u>	<u>5,466</u>
Provisions for liabilities	18	<u>(230)</u>	<u>(200)</u>
Net assets		<u><u>6,299</u></u>	<u><u>5,266</u></u>
Capital and reserves			
Capital redemption reserve	21	10,382	10,382
Profit and loss reserves	21	(4,083)	(5,116)
Total equity		<u><u>6,299</u></u>	<u><u>5,266</u></u>

The financial statements were approved by the board of directors and authorised for issue on 7/6/22 and are signed on its behalf by:




 J B Charlton
 Director

EXPANDED METAL HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	13		4,381		4,381
Current assets					
Debtors	16	1,085		1,085	
Net current assets			1,085		1,085
Total assets less current liabilities			5,466		5,466
Capital and reserves					
Capital redemption reserve	21		6,001		6,001
Profit and loss reserves	21		(535)		(535)
Total equity			5,466		5,466

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £nil (2020: £nil).

The financial statements were approved by the board of directors and authorised for issue on 7/6/22 and are signed on its behalf by:


 J B Charlton
 Director

EXPANDED METAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020	10,382	(4,785)	5,597
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(331)	(331)
Balance at 31 December 2020	10,382	(5,116)	5,266
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	1,033	1,033
Balance at 31 December 2021	10,382	(4,083)	6,299

EXPANDED METAL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020	6,001	(535)	5,466
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	-	-
Balance at 31 December 2020	6,001	(535)	5,466
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	-	-
Balance at 31 December 2021	6,001	(535)	5,466

EXPANDED METAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	22		766		1,357
Interest paid			(3)		(10)
Income taxes paid			(49)		(1)
Net cash inflow from operating activities			714		1,346
Investing activities					
Purchase of tangible fixed assets		(71)		(34)	
Interest received		15		18	
Net cash used in investing activities			(56)		(16)
Financing activities					
Repayment of borrowings		-		(269)	
Net cash used in financing activities			-		(269)
Net increase in cash and cash equivalents			658		1,061
Cash and cash equivalents at beginning of year			1,751		690
Cash and cash equivalents at end of year			2,409		1,751

EXPANDED METAL HOLDINGS LIMITED

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

1 Accounting policies

Company information

Expanded Metal Holdings Limited ('the parent company') is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is PO Box 14 Greatham Street, Longhill Industrial Estate, Hartlepool, Cleveland, TS25 1PR.

The group consists of Expanded Metal Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report and Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.

Basis of consolidation

The consolidated financial statements incorporate those of Expanded Metal Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 December 2021.

All intra-group transactions and balances are eliminated on consolidation.

Going concern

The directors have prepared detailed forecasts to 31 December 2023 which have been updated to consider the impact of world events on revenues and working capital. The directors, with reference to these forecasts, consider that the group has adequate resources to continue in operational existence for the 12 months from approval of financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts and settlement discounts.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 15 years.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short leasehold land and building improvements	over the life of lease
Plant and equipment	3 to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit and loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Cost is determined using the weighted average cost basis and for work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, other borrowings and amounts owed to group undertakings 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 payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of comprehensive income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £'000	2020 £'000
Turnover analysed by class of business		
Sale of products to building and industrial markets	20,471	14,400
	<u> </u>	<u> </u>
	2021 £'000	2020 £'000
Other revenue		
Interest income	15	18
Grants received	31	239
	<u> </u>	<u> </u>
	2021 £'000	2020 £'000
Turnover analysed by geographical market		
United Kingdom	13,211	9,586
Europe	6,360	4,178
Rest of World	900	636
	<u> </u>	<u> </u>
	20,471	14,400
	<u> </u>	<u> </u>

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

Grants received represents £31,000 (2020: £239,000) government grants in relation to the Covid-19 job retention scheme. There are no unfulfilled conditions attaching to grants that have been recognised in income.

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	76	72	-	-
Sales and distribution	10	11	-	-
Administration	6	4	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	92	87	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Wages and salaries	3,176	2,777	-	-
Social security costs	281	274	-	-
Pension costs	189	185	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,646	3,236	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	222	229
Company pension contributions to defined contribution schemes	12	12
	<u> </u>	<u> </u>
	234	241
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	129	135
Company pension contributions to defined contribution schemes	4	4
	<u>133</u>	<u>139</u>

6 Operating profit/(loss)

	2021 £'000	2020 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	81	(14)
Research and development costs	2	9
Government grants	(31)	(239)
Depreciation of owned tangible fixed assets	332	406
Amortisation of intangible assets	138	548
Operating lease charges	325	323
	<u>847</u>	<u>(117)</u>

7 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6	5
Audit of the financial statements of the company's subsidiaries	19	18
	<u>25</u>	<u>23</u>
For other services		
All other non-audit services	30	12
	<u>30</u>	<u>12</u>

8 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest income		
Interest receivable from group companies	15	18
	<u>15</u>	<u>18</u>

9 Interest payable and similar expenses

	2021 £'000	2020 £'000
Other interest	3	10
	<u>3</u>	<u>10</u>

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	282	61
Adjustments in respect of prior periods	(2)	(2)
Total current tax	280	59
Deferred tax		
Origination and reversal of timing differences	30	(8)
Total tax charge	310	51

The total tax charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	1,343	(280)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	255	(53)
Tax effect of expenses that are not deductible in determining taxable profit	7	3
Adjustments in respect of prior years	(2)	(2)
Research and development tax credit	(30)	(27)
Adjustment to deferred tax rate	55	24
Fixed asset differences	25	106
Taxation charge	310	51

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 January 2021 and 31 December 2021	8,223
Amortisation and impairment	
At 1 January 2021	8,085
Amortisation charged for the year	138
At 31 December 2021	8,223
Carrying amount	
At 31 December 2021	-
At 31 December 2020	138

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

The amortisation charge for the year is recognised within administrative expenses.

12 Tangible fixed assets

Group	Short leasehold land and building improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2021	377	9,119	9,496
Additions	11	60	71
At 31 December 2021	388	9,179	9,567
Depreciation and impairment			
At 1 January 2021	342	7,088	7,430
Depreciation charged in the year	35	297	332
At 31 December 2021	377	7,385	7,762
Carrying amount			
At 31 December 2021	11	1,794	1,805
At 31 December 2020	35	2,031	2,066

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Fixed asset investments

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	14	-	-	4,381	4,381
Movements in fixed asset investments					
Company					Shares in group undertakings £'000
Cost or valuation					
At 1 January 2021 and 31 December 2021					4,381
Carrying amount					
At 31 December 2021					4,381
At 31 December 2020					4,381

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect	
Expamet Fencing Limited	1	Dormant company	Ordinary	-	100.00
The Expanded Metal Company Limited	1	Manufacture of expanded metal meshes and associated security products	Ordinary	100.00	-

Registered Office address:

1 PO BOX 14 Greatham Street, Longhill Industrial Estate, Hartlepool, Cleveland, TS25 1PR

Expamet Fencing Limited is exempt from audit under section 480 of the Companies Act 2006.

15 Stocks

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Raw materials and consumables	1,297	492	-	-
Work in progress	219	113	-	-
Finished goods and goods for resale	1,222	819	-	-
	<u>2,738</u>	<u>1,424</u>	<u>-</u>	<u>-</u>

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	2,970	2,066	-	-
Amounts owed by group undertakings	418	451	1,085	1,085
Other debtors	178	75	-	-
Prepayments and accrued income	343	228	-	-
	<u>3,909</u>	<u>2,820</u>	<u>1,085</u>	<u>1,085</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

17 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	3,402	2,265	-	-
Amounts owed to group undertakings	14	-	-	-
Corporation tax payable	282	51	-	-
Other taxation and social security	126	209	-	-
Accruals and deferred income	508	208	-	-
	<u>4,332</u>	<u>2,733</u>	<u>-</u>	<u>-</u>

18 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities	Liabilities
	2021	2020
	£'000	£'000
Group		
Accelerated capital allowances	243	208
Short term timing differences	(13)	(8)
	<u>230</u>	<u>200</u>

The company has no deferred tax assets or liabilities.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Deferred taxation (Continued)

	Group 2021 £'000	Company 2021 £'000
Movements in the year:		
Liability at 1 January 2021	200	-
Charge to profit or loss	30	-
	<u>230</u>	<u>-</u>
Liability at 31 December 2021	<u>230</u>	<u>-</u>

19 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	189	185
	<u>189</u>	<u>185</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Included within creditors due within one year are contributions totalling £16,067 (2020: £16,373) outstanding at the year end.

20 Share capital

	Group and company 2021 £	2020 £
Issued and fully paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

The company's ordinary share, which carries no right to fixed income, carries the right to one vote at general meetings of the company.

21 Reserves

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Cash generated from group operations

	2021 £'000	2020 £'000
Profit/(loss) for the year after tax	1,033	(331)
Adjustments for:		
Taxation charged	310	51
Finance costs	3	10
Investment income	(15)	(18)
Amortisation and impairment of intangible assets	138	548
Depreciation and impairment of tangible fixed assets	332	406
Movements in working capital:		
Increase in stocks	(1,314)	(42)
(Increase)/decrease in debtors	(1,089)	87
Increase in creditors	1,368	646
Cash generated from operations	<u>766</u>	<u>1,357</u>

23 Analysis of changes in net funds - group

	1 January 2021 £'000	Cash flows £'000	31 December 2021 £'000
Cash at bank and in hand	1,751	658	2,409

24 Capital commitments

At the year end the group was committed to pay £103,873 for intangible and tangible fixed assets (2020: £nil).

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Within one year	172	275	-	-
Between one and five years	202	178	-	-
In over five years	11	-	-	-
	<u>385</u>	<u>453</u>	<u>-</u>	<u>-</u>

EXPANDED METAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows:

	2021 £'000	2020 £'000
Aggregate compensation	262	267

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Group				
Other related parties	271	82	157	67

Sales of goods to related parties were made at the company's usual list price, Purchases were made at market price.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021 £'000	2020 £'000
Group		
Other related parties	14	-

Amounts due from related parties	2021 Balance £'000	2020 Balance £'000
Group		
Other related parties	418	451

The amounts outstanding are unsecured and will be settled in cash.

27 Controlling party

The immediate parent company is Emco Acquisition LLC, a limited liability company incorporated in the USA.

The ultimate parent undertaking and controlling party is EIH Capital Partners LP, a limited partnership incorporated in the USA. Their registered office is 3345 Stop 8 Road, Dayton, OH 45414.