

DUGLAS ALLIANCE LTD.
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

Christiansons Ltd
Chartered Certified Accountants
& Statutory Auditors
Sterling House
Fulbourn Road
Walthamstow
London
E17 4EE

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FOR THE YEAR ENDED 28 FEBRUARY 2021**

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DUGLAS ALLIANCE LTD.
COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2021

DIRECTORS:	Mr Y Potiyko Mr R S Silver
REGISTERED OFFICE:	Sterling House Fulbourne Road London E17 4EE
REGISTERED NUMBER:	06810409 (England and Wales)
SENIOR STATUTORY AUDITOR:	Mr C A Joannou BSc, MSc, FCCA
AUDITORS:	Christiansons Ltd Chartered Certified Accountants & Statutory Auditors Sterling House Fulbourne Road Walthamstow London E17 4EE

**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

The directors present their strategic report for the year ended 28 February 2021.

REVIEW OF BUSINESS

Douglas Alliance Limited is engaged in the construction of hydro power plant in the Republic of Equatorial Guinea. During the year the construction work has halted due to the ongoing pandemic. However efforts are being made to restart the work as soon as possible.

PRINCIPAL RISKS AND UNCERTAINTIES

Competition Risk

The Company provides a variety of quality and compliant solutions to its customers and whilst there is competitive risk from other companies and gross margin remains under pressure the directors believe that its solution and the quality of its compliant service counter act this risk.

Uncertainties in Relation to Suppliers and Availability of Materials

The Company, being a developer performing building project, is exposed to a risk of lack of materials for project execution due to suppliers' insecurity and disarrangement of trading relations with suppliers of materials of strategic importance. In order to mitigate that risk, the Company has concluded trading contracts with different companies, which are reputable suppliers of building materials in order to diversify its possible channels of supplies.

Foreign Exchange Risk

The Company settles its accounts with suppliers in Euro and US dollars. As the Company receives advance prepayments from its major customer in Euro, it is exposed to a risk of unfavourable exchange rate at the date of settlements in other currencies. The Company constantly maintains Euro and US dollars balance for the purpose of future settlements.

Reduction in Business Activity

The Company, like any other business, is exposed to a risk of downturn in its particular sectors. The directors proactively monitor performance on an ongoing basis and implement alternative strategies if necessary. The directors consider their involvement in running the business mitigates this exposure.

Trading levels are still, however, dependant upon the state of the general economy.

Lack of Experienced Staff

The Company may face the problem of hiring experienced professionals due to competition on labour market. An active personnel hiring campaign was conducted in the reporting period in order to attract experienced staff for current project and create personnel reserve for future projects.

FINANCIAL KEY PERFORMANCE INDICATORS

Average number of employees decreased in the current period due to the stoppage of construction and installation works under the project. Additional work has been carried out for which costs incurred are shown as work-in-progress while the recoverability of costs are being negotiated as additional revenue which will be recognised as income once the outcome can be ascertained after the year end.

**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

THE POSITION OF THE COMPANY AT THE YEAR END

The balance sheet shows that the company's financial position at the year-end. The company is in a strong position to continue to invest and expand in the forthcoming financial year.

The water power plant is being built by the company in the Republic of Equatorial Guinea.

ON BEHALF OF THE BOARD:

Director

29 November 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

The directors present their report with the financial statements of the company for the year ended 28 February 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of building and construction.

DIVIDENDS

No dividends will be distributed for the year ended 28 February 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 29 February 2020 to the date of this report.

Mr Y Potiyko
Mr R S Silver

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

AUDITORS

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

ON BEHALF OF THE BOARD:

Mr Y Potiyko - Director

29 November 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUGLAS ALLIANCE LTD.

Opinion

We have audited the financial statements of Douglas Alliance Ltd. (the 'company') for the year ended 28 February 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUGLAS ALLIANCE LTD.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material measurements in respect of irregularities, including fraud.

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

Use of our report

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

Mr C A Joannou BSc, MSc, FCCA (Senior Statutory Auditor)
for and on behalf of Christiansons Ltd
Chartered Certified Accountants
& Statutory Auditors
Sterling House
Fulbourne Road
Walthamstow
London
E17 4EE

29 November 2021

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021**

		28.2.21	28.2.20
	Notes	€	€
TURNOVER	3	48,368,274	38,775,110
Cost of sales		<u>43,848,177</u>	<u>31,886,469</u>
GROSS PROFIT		4,520,097	6,888,641
Administrative expenses		<u>1,396,672</u>	<u>2,018,274</u>
		3,123,425	4,870,367
Other operating income		<u>56,521</u>	<u>58,185</u>
OPERATING PROFIT	5	3,179,946	4,928,552
Interest receivable and similar income		<u>281,808</u>	<u>188,261</u>
		3,461,754	5,116,813
Gain/loss on revaluation of investments		<u>6,050</u>	<u>105,713</u>
		3,467,804	5,222,526
Interest payable and similar expenses	7	<u>1,184,980</u>	<u>1,194,592</u>
PROFIT BEFORE TAXATION		2,282,824	4,027,934
Tax on profit	8	<u>396,353</u>	<u>770,039</u>
PROFIT FOR THE FINANCIAL YEAR		1,886,471	3,257,895
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,886,471</u>	<u>3,257,895</u>

The notes form part of these financial statements

BALANCE SHEET
28 FEBRUARY 2021

	Notes	28.2.21 €	€	28.2.20 €	€
FIXED ASSETS					
Tangible assets	9		1,324,684		1,609,752
Investment property	10		<u>2,033,965</u>		<u>2,033,965</u>
			3,358,649		3,643,717
CURRENT ASSETS					
Stocks	11	97,715,832		70,695,469	
Debtors	12	60,870,628		62,278,005	
Investments	13	6,683,825		4,153,788	
Cash at bank and in hand		<u>46,285,451</u>		<u>45,051,985</u>	
		211,555,736		182,179,247	
CREDITORS					
Amounts falling due within one year	14	<u>173,080,513</u>		<u>180,982,637</u>	
NET CURRENT ASSETS			<u>38,475,223</u>		<u>1,196,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			41,833,872		4,840,327
CREDITORS					
Amounts falling due after more than one year	15		(4,148,036)		(1,942,560)
PROVISIONS FOR LIABILITIES	17		<u>(32,901,598)</u>		<u>-</u>
NET ASSETS			<u>4,784,238</u>		<u>2,897,767</u>
CAPITAL AND RESERVES					
Called up share capital	18		1,369,200		1,369,200
Share premium	19		479,220		479,220
Retained earnings	19		<u>2,935,818</u>		<u>1,049,347</u>
SHAREHOLDERS' FUNDS			<u>4,784,238</u>		<u>2,897,767</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2021 and were signed on its behalf by:

Mr Y Potiyko - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Balance at 1 March 2019	-	(2,208,548)	479,220	(1,729,328)
Changes in equity				
Issue of share capital	1,369,200	-	-	1,369,200
Total comprehensive income	-	3,257,895	-	3,257,895
Balance at 28 February 2020	<u>1,369,200</u>	<u>1,049,347</u>	<u>479,220</u>	<u>2,897,767</u>
Changes in equity				
Total comprehensive income	-	1,886,471	-	1,886,471
Balance at 28 February 2021	<u>1,369,200</u>	<u>2,935,818</u>	<u>479,220</u>	<u>4,784,238</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

		28.2.21	28.2.20
	Notes	€	€
Cash flows from operating activities			
Cash generated from operations	1	7,286,898	41,830,462
Interest paid		(1,184,980)	(1,194,592)
Tax paid		(618,846)	7,735
Net cash from operating activities		<u>5,483,072</u>	<u>40,643,605</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(58,817)	(547,675)
Purchase of investment property		-	(633,965)
Purchase of Investments		(2,530,037)	-
Interest received		281,808	188,261
Net cash from investing activities		<u>(2,307,046)</u>	<u>(993,379)</u>
Cash flows from financing activities			
Share issue		-	1,369,200
Due to related party		(1,942,560)	3,569,900
Net cash from financing activities		<u>(1,942,560)</u>	<u>4,939,100</u>
Increase in cash and cash equivalents		<u>1,233,466</u>	<u>44,589,326</u>
Cash and cash equivalents at beginning of year	2	45,051,985	-
Cash and cash equivalents at end of year	2	<u>46,285,451</u>	<u>45,051,985</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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

	28.2.21	28.2.20
	€	€
Profit before taxation	2,282,824	4,027,934
Depreciation charges	343,885	455,670
Gain on revaluation of fixed assets	(6,050)	(105,713)
Provision	32,901,598	-
Finance costs	1,184,980	1,194,592
Finance income	(281,808)	(188,261)
	<u>36,425,429</u>	<u>5,384,222</u>
Increase in stocks	(27,020,363)	(70,695,469)
Decrease/(increase) in trade and other debtors	1,407,377	(62,278,005)
(Decrease)/increase in trade and other creditors	<u>(3,525,545)</u>	<u>169,419,714</u>
Cash generated from operations	<u>7,286,898</u>	<u>41,830,462</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 28 February 2021

	28.2.21	29.2.20
	€	€
Cash and cash equivalents	<u>46,285,451</u>	<u>45,051,985</u>

Year ended 28 February 2020

	28.2.20	1.3.19
	€	€
Cash and cash equivalents	<u>45,051,985</u>	<u>-</u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 29.2.20 €	Cash flow €	At 28.2.21 €
Net cash			
Cash at bank and in hand	45,051,985	1,233,466	46,285,451
	<u>45,051,985</u>	<u>1,233,466</u>	<u>46,285,451</u>
Liquid resources			
Current asset investments	4,153,788	2,530,037	6,683,825
	<u>4,153,788</u>	<u>2,530,037</u>	<u>6,683,825</u>
Debt			
Debts falling due within 1 year	(13,321,187)	(393,993)	(13,715,180)
	<u>(13,321,187)</u>	<u>(393,993)</u>	<u>(13,715,180)</u>
Total	<u>35,884,586</u>	<u>3,369,510</u>	<u>39,254,096</u>

ERROR MESSAGES FROM THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2021

**LAST YEAR - MOVEMENT IN CASH AND CASH EQUIVALENTS
AS CALCULATED IN CASH FLOW STATEMENT
DOES NOT AGREE TO MOVEMENT PER BALANCE SHEET

COMPARE MOVEMENT ON CASH FLOW STATEMENT	=	44,589,326
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TO	MOVEMENT PER BALANCE SHEET	
	CASH AND CASH EQUIVALENTS	= 45,051,985

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

1. STATUTORY INFORMATION

Duglas Alliance Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standards 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in Euro being the most relevant currency for the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Recognition of attributable profits and provision for losses on long term contracts

Significant judgement is required in the Company recognising attributable profits on long term contracts by making an assessment of the outcome for each long term contract not completed as at the year end. The assessment is made to consider whether there is evidence of reasonable certainty of recoverability in relation to each contract. Such evidence includes the cost to date in relation to expected costs as budgeted, revenues received and receivable on the contract and evidence obtained in relation to stage of completion from certification obtained from 3rd party surveyor.

If indications of irreconcilability of costs incurred to date and future costs exist, the irrecoverable amounts and any losses anticipated are estimated and a respective provision for losses on long term contracts are made. The amount of the provision is charged through profit or loss. The review of provision for losses on long term risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly at each year end relating to uncompleted long term contracts.

Provision for bad and doubtful debts

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irreconcilability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Corporation tax

Significant judgement is required in determining the provision for corporation taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents net amounts receivable for goods and services net of VAT and trade discounts. The company recognises revenue when the company has a contracted right to an amount received or receivable in exchange for its performance.

Turnover is measured at the fair value of the consideration received or receivable excluding value added tax and net of discounts. The policies adopted for the recognition of turnover are as follows:

Rendering of services

Turnover represents net fees receivable for services provided which are recognised when the company obtains the right to consideration under individual contracts.

Where a contract has only been partially completed at the balance sheet date, turnover represents the value of services provided to date based on a portion of the total contract value. Fees earned but not invoiced by the balance sheet date are treated as accrued income and amounts receivable on long term contracts, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payment on account and included as part of debtors due within one year. Excess progress payments are included in creditors as payments on account.

Long term contracts

When the outcome of a long term construction contract can be estimated reliably, contract costs and turnover including attributable profit on long term contracts are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to completion certificate from 3rd party surveyors.

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

When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

Interest receivable

Interest income is recognised using the effective interest method.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Investment property

Investment property is shown at fair value. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Investments

Investments comprise investments in quoted bank bonds and similar securities which are measured at fair value. Changes in fair value are recognised in profit or loss. Where fair value cannot be measured reliably, then the investment is carried at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate, or an average rate where this rate approximates the actual rate, between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are retranslated using the closing rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial Instruments are classified according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debtors receivable within one year

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Amounts recoverable on long term contracts, are included in debtors and stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payment on account.

Creditors payable within one year

Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

Excess progress payments on long term contracts are included in creditors as payments on account.

Employee Benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

3. TURNOVER

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

An analysis of turnover by class of business is given below:

	28.2.21	28.2.20
	€	€
Rest of the world (excl. UK)	48,368,274	38,775,110
	<u>48,368,274</u>	<u>38,775,110</u>

4. EMPLOYEES AND DIRECTORS

	28.2.21	28.2.20
	€	€
Wages and salaries	634,709	583,487
Social security costs	<u>50,267</u>	<u>34,788</u>
	<u>684,976</u>	<u>618,275</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

4. **EMPLOYEES AND DIRECTORS - continued**

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

	28.2.21	28.2.20
Administration	15	17
Project maintenance and support	16	20
	<u>31</u>	<u>37</u>

	28.2.21	28.2.20
	€	€
Directors' remuneration	<u>333,385</u>	<u>366,653</u>

Information regarding the highest paid director is as follows:

	28.2.21	28.2.20
	€	€
Emoluments etc	<u>333,385</u>	<u>363,163</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	28.2.21	28.2.20
	€	€
Depreciation - owned assets	343,885	455,670
Auditors' remuneration	34,272	29,740
Foreign exchange differences	<u>(56,521)</u>	<u>-</u>

6. **EXCEPTIONAL ITEMS**

	28.2.21	28.2.20
	€	€
Foreign exchange loss	<u>-</u>	<u>(749,911)</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	28.2.21	28.2.20
	€	€
Other loan interest	1,180,907	1,185,637
Interest paid corporation tax	4,073	8,955
	<u>1,184,980</u>	<u>1,194,592</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

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

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

	28.2.21	28.2.20
	€	€
Current tax:		
UK corporation tax	299,694	594,666
Deferred tax	96,659	175,373
Tax on profit	<u>396,353</u>	<u>770,039</u>

UK corporation tax was charged at 19%) in 2020.

Reconciliation of total tax charge included in profit and loss

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

	28.2.21	28.2.20
	€	€
Profit before tax	<u>2,282,824</u>	<u>4,027,934</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	433,737	765,307
Effects of:		
Depreciation	65,338	86,579
Capital Allowances	(219,899)	(258,440)
Deferred Tax	96,659	175,373
Other taxes	20,518	1,220
Total tax charge	<u>396,353</u>	<u>770,039</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

9. TANGIBLE FIXED ASSETS

	Plant and machinery €	Fixtures and fittings €	Computer equipment €	Totals €
COST				
At 29 February 2020	21,547,536	1,836,888	334,715	23,719,139
Additions	53,646	5,171	-	58,817
At 28 February 2021	<u>21,601,182</u>	<u>1,842,059</u>	<u>334,715</u>	<u>23,777,956</u>
DEPRECIATION				
At 29 February 2020	20,072,859	1,812,243	224,285	22,109,387
Charge for year	299,989	7,454	36,442	343,885
At 28 February 2021	<u>20,372,848</u>	<u>1,819,697</u>	<u>260,727</u>	<u>22,453,272</u>
NET BOOK VALUE				
At 28 February 2021	<u>1,228,334</u>	<u>22,362</u>	<u>73,988</u>	<u>1,324,684</u>
At 28 February 2020	<u>1,474,677</u>	<u>24,645</u>	<u>110,430</u>	<u>1,609,752</u>

10. INVESTMENT PROPERTY

	Total €
FAIR VALUE	
At 29 February 2020 and 28 February 2021	<u>2,033,965</u>
NET BOOK VALUE	
At 28 February 2021	<u>2,033,965</u>
At 28 February 2020	<u>2,033,965</u>

11. STOCKS

	28.2.21 €	28.2.20 €
Raw materials	26,987,195	20,505,094
Work-in-progress	<u>70,728,637</u>	<u>50,190,375</u>
	<u>97,715,832</u>	<u>70,695,469</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.21 €	28.2.20 €
Trade debtors	57,883,957	40,943,023
Other debtors	<u>2,986,671</u>	<u>21,334,982</u>
	<u>60,870,628</u>	<u>62,278,005</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

13.	CURRENT ASSET INVESTMENTS			
			28.2.21	28.2.20
			€	€
	Other		<u>6,683,825</u>	<u>4,153,788</u>
14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
			28.2.21	28.2.20
			€	€
	Other loans (see note 16)		13,715,180	13,321,187
	Trade creditors		140,560,375	146,675,646
	Tax		283,249	602,401
	Other creditors		170,722	-
	Accruals and deferred income		18,350,987	20,383,403
			<u>173,080,513</u>	<u>180,982,637</u>
15.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
			28.2.21	28.2.20
			€	€
	Trade creditors		<u>4,148,036</u>	<u>1,942,560</u>
16.	LOANS			
	An analysis of the maturity of loans is given below:			
			28.2.21	28.2.20
			€	€
	Amounts falling due within one year or on demand:			
	Other loans		<u>13,715,180</u>	<u>13,321,187</u>
17.	PROVISIONS FOR LIABILITIES			
			28.2.21	28.2.20
			€	€
	Other provisions		<u>32,901,598</u>	<u>-</u>
18.	CALLED UP SHARE CAPITAL			
	Allotted, issued and fully paid:			
	Number:	Class:	Nominal value:	
	1,000,000	Ordinary shares	£1	
			28.2.21	28.2.20
			€	€
			<u>1,369,200</u>	<u>1,369,200</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2021

19. **RESERVES**

	Retained earnings €	Share premium €	Totals €
At 29 February 2020	1,049,347	479,220	1,528,567
Profit for the year	<u>1,886,471</u>		<u>1,886,471</u>
At 28 February 2021	<u>2,935,818</u>	<u>479,220</u>	<u>3,415,038</u>

20. **RELATED PARTY DISCLOSURES**

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

	28.2.21	28.2.20
	€	€
Transfers	578,136	(2,400,660)
Amount due to related party	<u>4,148,036</u>	<u>3,569,900</u>

21. **ULTIMATE CONTROLLING PARTY**

The controlling party is Mr. Yuriy Potiyko by virtue of holding 100% share capital of the company.

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