

**Airedale Group Holdings Limited
(formerly Airedale Chemical
Holdings Limited)**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 08368496

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Airedale Group Holdings Limited

Company Information

Directors	C J Chadwick D M Chadwick J W Chadwick C Thomson
Registered number	08368496
Registered office	Airedale Mills Skipton Road Crosshills Keighley West Yorkshire BD20 7BX
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Airedale Group Holdings Limited

Contents

	Page
Group Strategic Report	1 - 4
Directors' Report	5 - 8
Directors' Responsibilities Statement	9
Independent Auditor's Report	10 - 13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19 - 20
Notes to the Financial Statements	21 - 49

Airedale Group Holdings Limited

Group Strategic Report For the Year Ended 31 December 2022

The directors present their strategic report on the Group for the year ended 31 December 2022.

During the year the principal activity of the company was the manufacture and supply of speciality chemicals.

Business review

The results for the year and the financial position of the Group are shown in the financial statements.

The board of directors are pleased with the results and financial position for the year given the increase in turnover and profitability. The Group is forecast to continue to be profitable in 2023.

Principal risks and uncertainties

Credit Risk

The Group manages credit risk by assessing each customer and applying credit limits using data from credit checking agencies. Limits are then reviewed on a regular basis by management to ensure the Group minimises its exposure to possible over trading with companies seen to be a credit risk.

Foreign Exchange

The Group purchases chemicals in foreign currencies, and as such the Group recognise exposure to currency rate fluctuations. The Group have continued to adopt a strategy to forward purchase currency to minimise foreign currency rate fluctuations.

The board have continued the strategy to de-risk and forward purchase currency to protect gross margin.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The main risk arising from financial instruments is liquidity risk and in this respect cash flow is monitored by the directors on a regular basis. Bank balances are structured to enable cash to be available when required.

Economic and political disruption

Several economic and political pressures have the potential to have an impact on businesses including the conflict in the Ukraine, inflationary pressures and increases in the cost of living. We haven't seen a negative impact of the conflict in Ukraine on trade with our diverse product offering across a range of sectors supporting growth. However, we are not complacent and are continually reviewing our operations. When the conflict started in the Ukraine, we carried out a review of our supply chain and identified no significant exposure to Ukraine or Russia through our operations. We continue to closely monitor increasing energy prices, availability of products and the potential impact on supply chain costs.

Inflationary pressures in the United Kingdom and the rest of Europe have intensified significantly in 2022. Forecasts anticipate costs will continue to grow into and during 2023. The current business outlook shows that there is still a high demand for products we offer and changes to the economic environment could continue to increase this demand. We are structured well to optimise these opportunities and continue to review our cost/spend to ensure we run lean. We remain focused on supporting our teams during this period of rising costs.

Airedale Group Holdings Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Financial key performance indicators

Statement of Comprehensive Income

Key Performance Indicators (KPIs) are Turnover, gross margin and EBITDA (earnings before interest, tax, depreciation and amortisation).

Turnover for the year ended 31 December 2022 was £142.6 million (2021 – £52.2 million) an increase of £90.4 million, 173.2% on the previous year.

Turnover is generated from sales to both domestic and overseas markets. Turnover generated from overseas markets was £39.4 million (2021 - £2.5 million).

Gross margin in the year amounted to £33.5 million (2021 - £16.4 million) an increase of £17.1 million, 104%. The social, political and economic volatility created a set of circumstances the chemical sector had never experienced before, and the group were well positioned to develop business during this period. The depth of our supplier and customer relationships increased during this period as we were able to provide products and services where many other companies could not. Significant daily changes in supply and demand required all of the management experiences Airedale Group Holdings had to navigate the uncertainty and provide reliable supplies to our customers. This is the Airedale model, and we continue to build on our strengths.

The Group uses EBITDA to monitor the Group's performance. EBITDA for 2022 was £16.7 million (2021 - £6.5 million). EBITDA consists of Operating Profit of £15.5 million (2021 - £5.4 million) adding back Depreciation of £0.8 million (2021 - £0.6 million) and amortisation of £0.4 million (2021 - £0.5 million).

Statement of Financial Position

Key Performance Indicators (KPIs) are Investment levels, Stock levels, debtor days (DSO) and liquidity.

Investment in fixed asset amounted to £2.9 million in the year (2021 - £1.2 million). We had forecast to higher levels of spend but disruption in supply chain delayed certain projects.

Stock levels are constantly monitored and controlled by management. Certain factors cause fluctuations in levels such as demand, pricing and market conditions affecting availability. In the later case we increase stock to protect customer demand and our service levels. Stock as at 31 December 2022 was £5.9 million (2021 - £4.0 million).

DSO reduced to 51 days from 56 days in 2021. Trade debtors as at 31 December 2022 was £17 million (2021 - £9.3 million) The increase in turnover caused trade debtor levels to increase. The Group invests significant time into working capital management which is testament to the reduction in DSO.

The Group continually monitors cashflow to ensure we convert EBITDA to cash efficiently and also to ensure the company has sufficient liquidity to meet the company's requirements. The company has an invoice discounting facility in place to give the company flexibility, however this was not in use at year end.

Other key performance indicators

Health and Safety, Quality and Environmental

We have continued to work closely with the Health and Safety Executive and environmental bodies to ensure obligations are met.

Airedale operates their quality system under ISO14001 and ISO9001-2015 standards, demonstrating our commitment to operate the business under a 'best practice' philosophy.

During the year we have continued our commitments to REACH legislation.

Airedale Group Holdings Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Directors' statement of compliance with duty to promote the success of the Group

Under section 172 (1) of the Companies Act 2006, the Board has a duty to act in a way that would be most likely to promote the success of the Company for the benefit of the shareholders and in doing so have regard to:

- a. The likely consequences of any decision in the long term;
- b. The interests of the Company's employees;
- c. The need to foster the Company's business relationships with suppliers, customers and others;
- d. The impact of the Company's operations on the community and the environment;
- e. The desirability of the Company maintaining a reputation high standards of business conduct; and
- f. The need to act fairly between members of the Company

As part of the Board's decision making and review process, the Directors consider the potential impact of decisions on all stakeholders and consider the key stakeholders to be:

Employees

Our employees are our most important asset and maintaining a positive culture is important to the continued success of the Group. The Board regularly communicate the objectives and performance of the business and have frequent interactions with our staff on all matters relating to Health & Safety, Social and Environmental matters. The Board actively encourages suggestions from throughout the business on improvement ideas and fosters a cooperative and collaborative working environment.

Customers and suppliers

We work closely with our customers and suppliers to develop collaborative and supportive relationships across all areas with a continual stream of improvement ideas to assist with improving business relationships both up and down the supply chain. We provide our customers with access to products from many different manufacturers and complement this supplier reach with value added services to support further growth and sustainability goals. The Group has strong relationships with both its customers and suppliers, built over many years of successful cooperation. The Board takes direct responsibility for many customer and supplier relationships which has delivered strong mutual benefits for all stakeholders and this will continue to be a focus area in the future.

Shareholders

The Group communicates on a regular basis with its shareholders to ensure alignment with the objectives of the owners and to communicate on performance. The Board believes it has a good relationship with its shareholders and they support the objectives of the business.

Local Community and Environment

The Group places high importance on its role in the community and environment. In addition to ongoing direct investment in local initiatives such as providing and maintaining defibrillators in the local area, we also commit time to support local schools and charities. The Board has directly supported members of staff in fundraising and sponsorship and encourages employees in other activities in support of good causes. The Board has also invested in external support to develop, implement and manage its ESG strategy which will enhance the Group's role in this area and continue to support the protection of and improvement of the environment.

Business Standards

The Board is committed to ensuring the business and its employees act in a responsible manner and maintain the highest standards of conduct. During the year, policies have been regularly reviewed and communicated to support this commitment.

Airedale Group Holdings Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Directors' statement of compliance with duty to promote the success of the Group (continued)

Events during the year

Following relevant engagement with Shareholders and relevant Directors across the Group during the year, the Parent Company, Airedale Group Holdings Limited, issued share options to some shareholders and directors of the Group. Details of share options issued are included in the notes to these financial statements.

This report was approved by the board on 1 September 2023 and signed on its behalf.

DocuSigned by:

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C Thomson
Director

Airedale Group Holdings Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

On 19 December 2022, the Company changed its name from Airedale Chemical Holdings Limited to Airedale Group Holdings Limited.

Principal activity

The principal activity of the Group is the manufacture and supply of specialty chemicals and dyestuffs. The principal activity of the Company is of a holding company.

Results and dividends

The profit for the year, after taxation, amounted to £12,157,415 (2021 - £4,576,371).

During the year the Company paid dividends of £6,683,688 (2021 - £1,118,357). The directors do not recommend the payment of a final dividend (2021 - £Nil).

Directors

The directors who served during the year were:

C J Chadwick
D M Chadwick
J W Chadwick
C Thomson

Going concern

The Group remains optimistic about its resilience and ability to continue to deliver strong operating profits and positive cash flows. Furthermore, the strength of the Group and Parent Company's balance sheet and the significant levels of headroom within financing facilities mean the Group and Parent Company is well placed to deal with any adverse market scenarios that may arise. The Airedale Group produces regular forecasts, which include review by the Board of Director's performed on a quarterly basis of current trading conditions; and has concluded that sufficient headroom exists within the current facilities. The facilities in place are due for renewal in March 2024, though the use of facilities is not expected to have a significant impact on forecasted headroom of the Group.

There have been no significant changes in the Group's principal activities in the year under review, and the Directors believe the business is ideally placed to fully realise its growth potential in the coming years.

At the time of preparing and date of approving these financial statements the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future for a period for at least twelve months. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Research and development activities

The Group are engaged in research and development projects to support products supplied to our existing customer base and also in the development of new products as part of our ongoing strategy. The Group expended £539,153 (2021 - £339,061) to the Income statement in the year ended 31 December 2022.

Airedale Group Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption are as follows:

	2022
Total energy consumption (kWh)	<u>6,438,947</u>

Comparisons to previous financial year:

This is the first year we have been required to report our company's energy consumption therefore some comparisons are not available.

Scope 1 emissions

For the year ended 31 December 2022, the company had emissions from the direct combustion of gas totalling 4,107,968 kWh with a 749.87 tCO₂ (2021: Not recorded) and had 1,406,691 kWh with a 1,252.81 tCO₂ of emissions from combustion of fuel for the purposes of transport (scope 1).

Scope 2 emissions

For the year ended 31 December 2022, the company had 734,632 kWh with 74.71 tCO₂ of emissions from purchased electricity.

Scope 3 emissions

For the year ended 31 December 2022, the company had 1,455.85 tCO₂ of emissions from business travel and employee-owned vehicle & where the company is responsible for purchasing the fuel.

Methodology

This assessment has been verified by a third party (Delta-Simons Ltd) in general accordance with ISO14064-1:2006

Greenhouse gases – part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Intensity ratio

We measure our annual emissions in relation to total turnover (our 'intensity ratio'). As a revenue-based business, total turnover is a quantifiable factor associated with our activities. For the year ended 31 December 2022, the tonne per £m of revenue was 24.04 tCO₂e.

Primary energy efficiency measures implemented.

The directors are mindful of environmental issues and takes all reasonable steps to ensure that the emissions from the company's total business space is minimised. Lighting in the offices has been replaced with more energy efficient alternatives. In 2020 the company invested in the installation for solar panels onto available roof spaces which has reduced the amount of energy we have had to pull from the grid. Also, in 2020 we invested in our own bore hole which again has reduced the amount of town water we are having to draw on.

Airedale Group Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Energy and carbon report

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

During the year the group's annual quantity of CO2 equivalent emissions were broken down as follows:

	2022	2021
Electricity Tonnes CO2e	134.68	138.07
Gas Tonnes CO2e	877.63	848.37
Road fuel Tonnes CO2e	1,252.81	N/A
Total Tonnes CO2e	2,265.12	986.44

The annual quantity of energy consumes resulting from the purchase of electricity and consumption of gas was:

	2022	2021
Electricity kWh	734,632	754,484
Gas kWh	4,107,968	3,971,783
	4,842,600	4,726,267

The group looks at ways to improve its environmental impact and energy efficiency as a large energy consumer both of our in-house transport fleet and for our production facilities. energy consumption is a key metric that we monitor constantly.

We have invested heavily in the most modern transport fleet to drive reductions in our diesel consumption and improve our overall transport operational efficiency as technology improves we will look at other forms of transport whether that be full electric trucks or hybrid vehicles

Our engineering team constantly review the mechanical operations of our plant, ensuring that the equipment used is the most energy efficient, maximising our production, whilst ensuring our energy consumption and emissions are as low as possible.

This focus reduction evident in our data mutually benefits the business and our stakeholders, as we look at every opportunity to maintain competitive pricing for our customers. through lower energy consumption, but also helping to meet our commitment to lower emissions across the UK.

The total annual emissions in proportion to the group's average number of employees is as follows:

	2022
Number of employees	119
Tonnes CO2e per employee	30.46

Airedale Group Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Matters covered in the Group Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Group.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.


Events after the reporting date

On 1 March 2023, Airedale Group Holdings Limited acquired 100% of the share capital of McCann Chemicals Limited. Consideration for the acquisition was made up of initial consideration of £2.25m and then further deferred consideration / earn out consideration amounts to be based upon the trading results of McCann Chemicals Limited during the year ending 31 December 2023.

Auditor

BDO LLP were appointed as auditors during the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 September 2023 and signed on its behalf.

DocuSigned by:

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C Thomson
Director

Airedale Group Holdings Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2022

The directors are responsible for preparing the Group Strategic Report, 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 Group and Company 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 audited 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Airedale Group Holdings Limited

Independent Auditor's Report to the Members of Airedale Group Holdings Limited

Opinion on the financial statements

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 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Airedale Group Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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.

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 or 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.

Airedale Group Holdings Limited

Independent Auditor's Report to the Members of Airedale Group Holdings Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report 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.

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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the Parent Company and its 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, 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.

Airedale Group Holdings Limited

Independent Auditor's Report to the Members of Airedale Group Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be in revenue in relation to year end cut off, management override of controls, sales credit notes, existence of trade debtors and accuracy of payroll expense.

Our procedures in respect of the above included:

- Cut off of revenue recognition - Testing a sample of revenue transactions around the year end to third party delivery documentation, as well as review of manual journal entries posted to revenue nominal accounts.
- Management override of controls - Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation. In addition, we reviewed for possible bias in key accounting estimates.
- Sales credit notes – Testing a sample of credit notes raised during the year, and for a period after the year end, to ensure they have been raised appropriately.
- Existence of trade debtors - Testing a sample of trade debtor balances to third party delivery documentation.
- Accuracy of payroll expense – Testing included agreeing a sample of employees to relevant signed employment contracts, agreeing payroll costs in the year to evidence of payment, checking payroll deductions have been calculated correctly and reviewing payroll data for any instances of duplicate entries.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Airedale Group Holdings Limited

Independent Auditor's Report to the Members of Airedale Group Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Neil Ebdon
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Neil Ebdon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

01 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Airedale Group Holdings Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	142,579,678	52,206,705
Cost of sales		(109,101,132)	(35,814,955)
Gross profit		33,478,546	16,391,750
Distribution costs		(3,478,736)	(2,890,177)
Administrative expenses		(12,932,856)	(8,152,470)
Other operating income	5	113,338	84,279
Share based payment charge	26	(1,664,860)	-
Operating profit	6	15,515,432	5,433,382
Interest receivable and similar income		3,566	7,200
Interest payable and similar expenses	10	(270,572)	(203,747)
Profit before taxation		15,248,426	5,236,835
Tax on profit	11	(3,091,011)	(660,464)
Profit for the financial year		12,157,415	4,576,371

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited

Registered number:08368496

Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	1,902,172	2,154,717
Tangible assets	14	9,104,346	7,168,921
		<u>11,006,518</u>	<u>9,323,638</u>
Current assets			
Stocks	16	5,922,448	4,029,936
Debtors: amounts falling due within one year	17	16,404,881	11,074,087
Cash at bank and in hand		8,090,211	21,830
		<u>30,417,540</u>	<u>15,125,853</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(25,777,069)	(15,579,285)
Net current assets/(liabilities)		<u>4,640,471</u>	<u>(453,432)</u>
Total assets less current liabilities		<u>15,646,989</u>	<u>8,870,206</u>
Creditors: amounts falling due after more than one year	19	(3,660,252)	(2,482,047)
Net assets		<u>11,986,737</u>	<u>6,388,159</u>
Capital and reserves			
Called up share capital	23	16,590	10,340
Profit and loss account	24	11,970,147	6,377,819
Equity attributable to owners of the parent Company		<u>11,986,737</u>	<u>6,388,159</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2023.

DocuSigned by:

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C Thomson
 Director

The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited


Registered number:08368496

Company Statement of Financial Position As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	3,735,998	2,071,138
		<u>3,735,998</u>	<u>2,071,138</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(1,056,473)	(1,060,798)
Net current liabilities		<u>(1,056,473)</u>	<u>(1,060,798)</u>
Creditors: amounts falling due after more than one year	19	(1,544,334)	-
Net assets		<u>1,135,191</u>	<u>1,010,340</u>
Capital and reserves			
Called up share capital	23	16,590	10,340
Profit and loss account brought forward		1,000,000	1,000,000
Profit for the year		6,683,688	1,118,357
Other movements		(6,565,087)	(1,118,357)
Profit and loss account carried forward	24	<u>1,118,601</u>	<u>1,000,000</u>
Total equity		<u>1,135,191</u>	<u>1,010,340</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2023.

C Thomson
Director

DocuSigned by:

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The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	10,340	6,377,819	6,388,159
Comprehensive income for the year			
Profit for the year	-	12,157,415	12,157,415
Total comprehensive income for the year	-	12,157,415	12,157,415
Contributions by and distributions to owners			
Dividends: Equity capital	-	(6,683,688)	(6,683,688)
Equity settled share based payments'	-	120,526	120,526
Shares issued during the year	6,250	(1,925)	4,325
Total transactions with owners	6,250	(6,565,087)	(6,558,837)
At 31 December 2022	16,590	11,970,147	11,986,737

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	10,340	2,919,805	2,930,145
Comprehensive income for the year			
Profit for the year	-	4,576,371	4,576,371
Total comprehensive income for the year	-	4,576,371	4,576,371
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,118,357)	(1,118,357)
Total transactions with owners	-	(1,118,357)	(1,118,357)
At 31 December 2021	10,340	6,377,819	6,388,159

The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	10,340	1,000,000	1,010,340
Comprehensive income for the year			
Profit for the year	-	6,683,688	6,683,688
	-	6,683,688	6,683,688
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(6,683,688)	(6,683,688)
Equity settled share based payments'	-	120,526	120,526
Shares issued during the year	6,250	(1,925)	4,325
Total transactions with owners	6,250	(6,565,087)	(6,558,837)
At 31 December 2022	16,590	1,118,601	1,135,191

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	10,340	1,000,000	1,010,340
Comprehensive income for the year			
Profit for the year	-	1,118,357	1,118,357
	-	1,118,357	1,118,357
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,118,357)	(1,118,357)
Total transactions with owners	-	(1,118,357)	(1,118,357)
At 31 December 2021	10,340	1,000,000	1,010,340

The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	12,157,415	4,576,371
Adjustments for:		
Amortisation of intangible assets	437,906	454,853
Depreciation of tangible assets	765,162	638,540
Loss/(profit) on disposal of tangible assets	174,101	(41)
Interest payable	270,572	203,747
Interest receivable	(3,566)	(7,200)
Taxation charge	3,091,011	660,464
Increase in stocks	(1,892,512)	(848,506)
Increase in debtors	(5,020,318)	(3,120,125)
Increase in creditors	11,068,450	(253,163)
Share based payments	1,664,860	-
Corporation tax paid	(1,727,659)	(717,931)
Dividends paid	(6,683,688)	(1,118,357)
Interest paid	(259,645)	(210,947)
Net cash generated from operating activities	14,042,089	257,705
Cash flows from investing activities		
Purchase of intangible fixed assets	(185,361)	(81,186)
Purchase of tangible fixed assets	(2,626,059)	(1,043,328)
Sale of tangible fixed assets	50,154	20,000
Interest received	3,566	7,200
Net cash used in investing activities	(2,757,700)	(1,097,314)
Cash flows from financing activities		
Issue of ordinary shares	4,325	-
Repayment of loans	(213,977)	(212,591)
Net movement in other loans	(2,236,958)	361,244
Repayment of finance leases	(319,440)	-
Amounts introduced by directors	(1,746,480)	1,231,844
Amounts withdrawn by directors	1,296,522	(660,073)
Net cash (used in)/generated from financing activities	(3,216,008)	720,424

Airedale Group Holdings Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

	2022 £	2021 £
Net increase/(decrease) in cash and cash equivalents	8,068,381	(119,185)
Cash and cash equivalents at beginning of year	21,830	141,015
Cash and cash equivalents at the end of year	8,090,211	21,830
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,090,211	21,830
	8,090,211	21,830

The notes on pages 21 to 49 form part of these financial statements.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Airedale Group Holdings Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent company disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 3

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.4 Going concern

The Group remains optimistic about its resilience and ability to continue to deliver strong operating profits and positive cash flows. Furthermore, the strength of the Group and Parent Company's balance sheet and the significant levels of headroom within financing facilities mean the Group and Parent Company is well placed to deal with any adverse market scenarios that may arise. The Airedale Group produces regular forecasts, which include review by the Board of Director's performed on a quarterly basis of current trading conditions; and has concluded that sufficient headroom exists within the current facilities. The facilities in place are due for renewal in March 2024, though the use of facilities is not expected to have a significant impact on forecasted headroom of the Group.

There have been no significant changes in the Group's principal activities in the year under review, and the Directors believe the business is ideally placed to fully realise its growth potential in the coming years.

At the time of preparing and date of approving these financial statements the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future for a period for at least twelve months. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.6 Turnover

Turnover is the amount derived from the provision of goods falling within the Group's ordinary activities, excluding estimated and actual sales returns, customer rebates, value added tax and similar sales taxes. Turnover from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred to the customer when the goods are delivered to, or are picked up by, the customer for UK based sales. For overseas based sales, the risk and rewards of ownership are deemed to have been transferred based upon relevant incoterms.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 Share-based payments

Equity settled share based payments

The Group and Company has granted equity settled share based payments in the year. These are fair valued at the grant day, and the total anticipated share based payment charge is spread over the vesting period of the instruments to the Statement of Comprehensive Income. For those instruments that do not vest before the year end, management make an assessment of the expected timing of the vesting date.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where options are issued by one group entity for settlement in its own shares, and these options are granted to employees of a subsidiary entity, the issuing entity recognises the charge as an increase in cost of investment, while the subsidiary recognised this as a capital contribution in the Statement of Changes in Equity.

Cash settled share based payments

The Group and Company has granted cash-settled shared-based payments in the year. These are fair-valued at each period end, and the resultant expected share based payment charge spread over the expected vesting period of the instruments.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where options are issued by one group entity for settlement in its own shares, and these options are granted to employees of a subsidiary entity, the issuing entity recognises the charge as an increase in cost of investment, while the subsidiary recognised this as a capital contribution in the Statement of Changes in Equity.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 10 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are amortised over their estimated useful life of 10 years.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Plant and machinery	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Fixtures and fittings	- 20% on reducing balance

Assets under construction are not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Intermediate bulk containers ("IBC's") are used in the business to transport certain chemicals to customers. Dependent on the type of chemical the directors are uncertain of the estimated useful life. The directors have taken the prudent approach to write off IBCs in full in the year they are purchased.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.19 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 Creditors

Short-term creditors are measured at the transaction price. 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.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties..

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period.

In preparing these financial statements, the directors have made the following judgements:

- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 14)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Share based payments (see note 26)

Equity-settled

The Company has share options, these are fair valued at the grant date, and the resultant share based payment charge spread over the expected vesting period of the instruments.

The options issued were valued using the Monte Carlo model. This model requires a number of assumptions to be made including the share price at the date of the grant of the options, the volatility of the share price, expected dividend yield and the expected period to exercise.

The key judgements in this calculation are the grant date share price and the share option vesting period, which are discussed below. All other factors had limited bearing on the option valuation. In respect of the share based payment expense to be recognised the key judgement, other than the option valuation and the vesting period, is the vesting percentage which is also discussed below.

Grant date share price

For the purposes of valuing share options granted during the year, the Parent Company was required to determine the underlying share price at each option grant date. This was determined based on the Group's estimated Equity Value, which was calculated using assumptions including the Group's 4 year historical weighted average EBITDA and a relevant earnings multiple. The multiple applied was determined with reference to recent market transactions in comparable sectors.

Share option vesting period

Option-holders will normally only be able to exercise their options in connection with certain "exit events". These exit events include a "share sale" (i.e. where a purchaser acquires a sufficient number of the Parent Company's shares to acquire control of the Parent Company) or a "listing" (i.e. where the shares of the Parent Company are listed on a stock exchange). The Parent Company considers 4 years from 31 December 2022 to represent a reasonable vesting period for the purposes of the share option valuation in the financial statements. This period coincides with the Parent Company's key investors' typical investment horizons.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Judgements in applying accounting policies (continued)

Share option vesting percentage

The share based payments charge for the year was calculated based on the percentage of share options expected to ultimately vest. This percentage was estimated with reference to employee option-holder attrition rates.

In addition the total anticipated share based payment charge is spread over the vesting period of the instruments. For those instruments that do not vest before the year end, management make an assessment of the expected timing of the vesting date.

Cash-settled

The Company has granted cash-settled shared-based payments in the year. The key judgements and estimates for these are in line with those for equity settled schemes as disclosed previously, though the key difference is that these are fair-valued at each period end, and the resultant expected share based payment charge spread over the expected vesting period of the instruments.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	101,880,921	49,659,222
EU European countries	38,346,360	1,682,791
Rest of the world	273,382	287,342
Non EU European countries	2,079,015	577,350
	<u>142,579,678</u>	<u>52,206,705</u>

5. Other operating income

	2022 £	2021 £
Commissions receivable	<u>113,338</u>	<u>84,279</u>

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

6. Operating profit

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

	2022 £	2021 £
Research & development charged as an expense	539,153	339,061
Depreciation - owned assets	570,796	472,643
Depreciation - assets under hire purchase contracts	194,366	165,897
Loss/(profit) on disposal of fixed assets	174,101	(41)
Intangible asset amortisation	437,906	454,853
Exchange differences	309,311	(18,889)
Other operating lease rentals	258,647	174,924
Coronavirus Job Retention Grant	-	(131,905)

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	73,500	33,500
Fees payable to the Company's auditor in respect of:		
All non-audit services	35,520	9,500

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £
Wages and salaries	7,728,483	4,898,209
Social security costs	589,419	450,866
Cost of defined contribution scheme	299,693	201,673
	8,617,595	5,550,748

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Management and Administration	41	37
Sales and Distribution staff	32	30
Technical staff	6	4
Production	40	32
	119	103

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £Nil).

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,496,166	380,870
Group contributions to defined contribution pension schemes	143,750	134,066
	1,639,916	514,936

The highest paid director received remuneration of £1,478,833 (2021 - £208,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021 - £Nil).

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	25,222	16,123
Bank loan interest payable	79,591	24,295
Other interest	10,000	11,093
Mortgage interest payable	14,497	20,310
Invoice discounting interest	111,925	98,163
Finance leases and hire purchase contracts	29,337	33,763
	<u>270,572</u>	<u>203,747</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	3,181,333	822,554
Adjustments in respect of previous periods	(76,165)	(162,090)
	<u>3,105,168</u>	<u>660,464</u>
Total current tax	<u>3,105,168</u>	<u>660,464</u>
Deferred tax		
Origination and reversal of timing differences	(336,524)	-
Adjustments in respect of previous periods	322,367	-
	<u>(14,157)</u>	<u>-</u>
Total deferred tax	<u>(14,157)</u>	<u>-</u>
Tax on profit	<u>3,091,011</u>	<u>660,464</u>

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	15,248,426	5,236,835
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,897,201	994,999
Effects of:		
Expenses not deductible for tax purposes	33,548	185,689
Fixed asset timing differences'	-	(342,639)
Adjustments to tax charge in respect of prior periods	(76,165)	(162,090)
Adjustment for deferred tax in respect of prior period	322,367	-
Remeasurement of deferred taxes for change in tax rate	(12,263)	-
Research and development	(76,000)	(38,000)
Patent box	(3,800)	(5,700)
New structure and building allowance	(38,198)	(4,797)
Other timing differences	24,526	33,002
Ineligible depreciation	19,795	-
Total tax charge for the year	3,091,011	660,464

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 31 December 2022 has been calculated based on the rate applicable when the timing differences are expected to reverse.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Dividends

	2022 £	2021 £
Final Dividends on A and B ordinary shares (2021 - Ordinary shares)	2,000,273	878,357
Interim dividends paid on 29/01/2021 of £Nil per share (2021 - £1.2089)	-	12,500
Interim dividends paid on 23/04/2021 of £Nil per share (2021 - £15.5545)	-	160,833
Interim dividends paid on 20/07/2021 of £Nil per share (2021 - £2.4178)	-	25,000
Interim dividends paid on 22/10/2021 of £Nil per share (2021 - £2.4178)	-	25,000
Interim dividends paid on 31/12/2021 of £Nil per share (2021 - £1.6119)	-	16,667
Interim dividends paid on 30/06/2022 of £45.4546 per Ordinary share (2021 - £Nil)	500,000	-
Interim dividends paid on 30/06/2022 of £90.0830 per G1 Growth share (2021 - £Nil)	990,913	-
Interim dividends paid on 30/09/2022 of £22.7223 per A and B Ordinary shares (2021 - £Nil)	250,001	-
Interim dividends paid on 30/09/2022 of £36.7045 per G1 Growth share (2021 - £Nil)	403,750	-
Interim dividends paid on 31/10/2022 of £163.6364 per B Ordinary share (2021 - £Nil)	1,800,000	-
Interim dividends paid on 31/12/2022 of £22.7223 per A and B Ordinary shares (2021 - £Nil)	250,001	-
Interim dividends paid on 31/12/2022 of £44.4318 per G1 Growth share (2021 - £Nil)	488,750	-
	6,683,688	1,118,357

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Intangible assets

Group

	Patents & licences £	Goodwill £	Total £
Cost			
At 1 January 2022	1,982,486	1,858,204	3,840,690
Additions	185,361	-	185,361
At 31 December 2022	<u>2,167,847</u>	<u>1,858,204</u>	<u>4,026,051</u>
Amortisation			
At 1 January 2022	1,101,037	584,936	1,685,973
Charge for the year	264,744	173,162	437,906
At 31 December 2022	<u>1,365,781</u>	<u>758,098</u>	<u>2,123,879</u>
Net book value			
At 31 December 2022	<u>802,066</u>	<u>1,100,106</u>	<u>1,902,172</u>
At 31 December 2021	<u>881,449</u>	<u>1,273,268</u>	<u>2,154,717</u>

Patents and licence costs relate to the costs of obtaining trade licences, and these costs are amortised over the useful life of the licence.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

14. Tangible fixed assets

Group

	Freehold land and buildings £	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Total £
Cost							
At 1 January 2022	2,687,122	2,819,630	6,079,181	271,684	3,159,229	-	15,016,846
Additions	1,192	265,818	522,485	19,487	298,783	1,817,077	2,924,842
Disposals	-	(212,462)	(1,631,333)	(933)	(166,285)	-	(2,011,013)
At 31 December 2022	<u>2,688,314</u>	<u>2,872,986</u>	<u>4,970,333</u>	<u>290,238</u>	<u>3,291,727</u>	<u>1,817,077</u>	<u>15,930,675</u>
Depreciation							
At 1 January 2022	319,420	416,187	4,635,877	147,936	2,328,505	-	7,847,925
Charge for the year	45,945	58,241	389,480	45,395	226,101	-	765,162
Disposals	-	(88,121)	(1,579,835)	(745)	(118,057)	-	(1,786,758)
At 31 December 2022	<u>365,365</u>	<u>386,307</u>	<u>3,445,522</u>	<u>192,586</u>	<u>2,436,549</u>	<u>-</u>	<u>6,826,329</u>
Net book value							
At 31 December 2022	<u>2,322,949</u>	<u>2,486,679</u>	<u>1,524,811</u>	<u>97,652</u>	<u>855,178</u>	<u>1,817,077</u>	<u>9,104,346</u>
At 31 December 2021	<u>2,367,702</u>	<u>2,403,443</u>	<u>1,443,304</u>	<u>123,748</u>	<u>830,724</u>	<u>-</u>	<u>7,168,921</u>

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Improvements to property	192,417	196,431
Plant and machinery	96,235	48,448
Motor vehicles	626,116	522,089
Fixtures and fittings	43,725	-
	<u>958,493</u>	<u>766,968</u>

All tangible fixed assets have been pledged as security for bank lending.

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2022	2,071,138
Additions	1,664,860
At 31 December 2022	<u>3,735,998</u>

Additions comprised share based payment fair value adjustments in the year.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Airedale Chemical Company Limited	Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX	Ordinary	100%
Airedale Solutions Limited	Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX	Ordinary	100%
Alutech Surface Treatments Limited	Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX	Ordinary	100%
Rigest Trading Limited	Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX	Ordinary	100%
Rigest Trading (Ireland) Limited	Mullingar Heifer Beef, Nolagh, Ballinalack, Co Westmeath, N91W896	Ordinary	100%

All subsidiary undertakings are held directly.

Rigest Trading (Ireland) Limited is a dormant company and is not consolidated.

Guarantees of subsidiary undertakings (contingent liability)

The results of Airedale Solutions Limited, Alutech Surface Treatments Limited and Rigest Trading Limited have been consolidated in these accounts.

Airedale Solutions Limited, Alutech Surface Treatments Limited and Rigest Trading Limited have claimed exemption from audit under section 479A of the Companies Act 2006.

Airedale Group Holdings Limited has given guarantees for Airedale Solutions Limited, Alutech Surface Treatments Limited and Rigest Trading Limited in accordance with that act.

16. Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	<u>5,922,448</u>	<u>4,029,936</u>

Impairment losses totalling £414,850 (2021 - £Nil) were recognised in profit and loss.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

17. Debtors

	Group 2022 £	Group 2021 £
Trade debtors	15,628,325	9,321,863
Other debtors	385,618	655,167
Prepayments and accrued income	376,781	1,097,057
Deferred taxation (note 22)	14,157	-
	16,404,881	11,074,087

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £144,000 (2021 - £144,000).

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Invoice discounting accounts	-	2,412,997	-	-
Bank loans	212,508	205,964	-	-
Other loans	569,605	393,566	-	-
Obligations under finance lease and hire purchase contracts	341,968	286,433	-	-
Trade creditors	11,181,564	7,028,847	-	-
Amounts owed to group undertakings	-	-	1,054,548	894,983
Corporation tax	1,987,141	540,216	-	-
Other taxation and social security	3,892,007	1,300,039	-	-
Tax scheme settlement	832,995	832,995	-	-
Other creditors	212,591	118,526	1,925	165,815
Directors' current accounts	251,580	405,219	-	-
Accruals and deferred income	6,295,110	2,054,483	-	-
	25,777,069	15,579,285	1,056,473	1,060,798

Amounts owed to group undertakings are interest free and repayable on demand.

Bank borrowings are secured by a Debenture comprising a fixed and floating charge over the assets of the Group.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Invoice discounting accounts are secured against the debtor's ledger of the Group.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	970,846	1,191,367	-	-
Obligations under finance leases and hire purchase contracts	381,493	457,685	-	-
Tax scheme settlement	763,579	832,995	-	-
Share based payment liability	1,544,334	-	1,544,334	-
	<u>3,660,252</u>	<u>2,482,047</u>	<u>1,544,334</u>	<u>-</u>

Bank borrowings are secured by a Debenture comprising a fixed and floating charge over the assets of the Group.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	Group 2022 £	Group 2021 £
Repayable by instalments	<u>374,823</u>	<u>505,357</u>

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

20. Loans and borrowings

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Bank loans	212,508	205,964
Other loans	569,605	393,566
Invoice discounting accounts	-	2,412,997
Directors' loans	251,580	405,219
	1,033,693	3,417,746
Amounts falling due 1-2 years		
Bank loans	217,592	212,897
Amounts falling due 2-5 years		
Bank loans	378,431	473,113
Amounts falling due after more than 5 years		
Bank loans	374,823	505,357
	2,004,539	4,609,113

The bank loans are repayable as follows:

- A Combined Limited Multi Currency Facility incorporating import loan with HSBC, commencing September 2012, with no fixed repayment terms, facilities are repayable on demand. Interest is calculated at 2.75% over base rate.
- Term loan with HSBC commencing July 2014, repayable in monthly instalments over a period of 10 years with interest payable at 2% over base rate.
- Term loan with HSBC commencing April 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.
- Term loan with HSBC commencing August 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.
- Term loan with HSBC commencing October 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.

Other loans relates to loans from members of the director families, which are included in Note 31.

Invoice discounting relates to a rolling facility with HSBC for amounts advanced in respect of discounted trade debtors.

Director loans relates to loans/advances from Group directors, which are included in Note 30.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	341,968	286,433
Between 1-5 years	381,493	457,685
	<u>723,461</u>	<u>744,118</u>

22. Deferred taxation

Group

	2022 £
At beginning of year	-
Credited to profit or loss	(14,157)
At end of year	<u>(14,157)</u>

The deferred tax (asset)/liability is made up as follows:

	Group 2022 £
Accelerated capital allowances	402,058
Short term timing differences	(416,215)
	<u>(14,157)</u>

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
Nil (2021 - 103,400) Ordinary shares of £0.10 each	-	10,340
38,258 (2021 - Nil) A Ordinary shares of £0.10 each	3,826	-
38,258 (2021 - Nil) B Ordinary shares of £0.10 each	3,826	-
13,442 (2021 - Nil) C Ordinary shares of £0.10 each	1,344	-
13,442 (2021 - Nil) D Ordinary shares of £0.10 each	1,344	-
34,000 (2021 - Nil) G1 Ordinary shares of £0.10 each	3,400	-
9,500 (2021 - Nil) G2 Ordinary shares of £0.10 each	950	-
11,500 (2021 - Nil) G3 Ordinary shares of £0.10 each	1,150	-
7,500 (2021 - Nil) G4 Ordinary shares of £0.10 each	750	-
	16,590	10,340

On 29 March 2022 the Company issued 10,000 G1 Ordinary shares of £0.10 each, 9,500 G2 Ordinary shares of £0.10 each, 11,500 G3 Ordinary shares of £0.10 each and 7,500 G4 Ordinary shares of £0.10 each at par value.

Of the above growth shares issued on 29 March 2022, 5,000 G1 Ordinary shares of £0.10 each, 4,750 G2 Ordinary shares of £0.10 each, 5,750 G3 Ordinary shares of £0.10 each and 3,650 G4 Ordinary shares of £0.10 relate to a bonus issue. This bonus issue generated a debit to the Profit and loss reserve of £1,925 (being the total nominal value of the above bonus issue growth shares).

On 5 April 2022 the Company issued 24,000 G1 Ordinary shares of 0.10 each at par value.

On 26 September 2022 the Company redesignated 103,400 Ordinary shares of £0.10 each as 38,258 A Ordinary shares of £0.10 each, 38,258 B Ordinary shares of £0.10 each, 13,442 C Ordinary shares of £0.10 each and 13,442 D Ordinary shares of £0.10 each.

Ordinary shares, A Ordinary shares, B Ordinary shares, C Ordinary shares and D Ordinary shares entitle the holder to vote, receive dividends and participate in assets available for a distribution. These share are not redeemable.

G1 Ordinary shares, G2 Ordinary shares, G3 Ordinary shares and G4 Ordinary shares do not entitle the holder to vote. These shareholders are entitled to receive dividends and participate in assets available for a distribution. These shares are not redeemable.

24. Reserves

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

25. Analysis of net debt

	At 1 January 2022 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	21,830	8,068,381	-	-	8,090,211
Debt due after 1 year	(1,191,367)	220,521	-	-	(970,846)
Debt due within 1 year	(3,417,746)	2,394,980	-	(10,927)	(1,033,693)
Finance leases	(744,118)	319,440	(298,783)	-	(723,461)
	<u>(5,331,401)</u>	<u>11,003,322</u>	<u>(298,783)</u>	<u>(10,927)</u>	<u>5,362,211</u>

Non-cash movements relate to:

- Obligations under finance leases: during the year the group entered into new finance leases in respect of assets with a total capital value at the inception of the leases of £298,783.
- Bank loans: as at 31 December 2022 debt issue costs totalling £10,927 had been accrued and amortised to profit or loss.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

26. Share-based payments

During the year ended 31 December 2022 the Group issued 32,750 of new equity settled share options over class G1, G2, G3 and G4 shares of the Group to employees of the Group and issued 24,000 of new cash-settled share options over class G1 shares of the Group to employees of the Group.

The valuation of share options was determined using the option pricing method based on Monte Carlo model on grant date and the charge is being spread over the vesting period.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year		-		-
Granted during the year	10	56,750	-	-
Outstanding at the end of the year	10	56,750	-	-

	Cash settled (G1 shares)	Equity settled (G2, G3 and G4 shares)
Option pricing model used	Monte Carlo	Monte Carlo
Weighted average share price (pence)	346.67	48.1
Exercise price (pence)	10	10
Weighted average contractual life (years)	4	4
Expected volatility	49.04%	48.80%
Expected dividend growth rate	1.63%	2.67%
Risk-free interest rate	3.60%	1.50%

The share-based remuneration expense comprises:

	2022 £	2021 £
Equity-settled schemes	120,526	-
Cash-settled schemes	1,544,334	-
	1,664,860	-

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

27. Contingent liabilities

The Group is part of a composite company unlimited multilateral guarantee dated 18 September 2013 given by Airedale Solutions Limited and the Airedale Chemical Company Limited .

28. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £299,693 (2021 - £201,673) . Contributions totalling £30,281 (2021 - £19,948) were payable to the fund at the reporting date and are included in creditors.

29. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	270,923	230,642
Later than 1 year and not later than 5 years	566,502	430,612
Later than 5 years	51,000	119,000
	888,425	780,254

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

30. Transactions with directors

The following advances and credits to directors subsisted during the year to 31 December 2022:

	D M Chadwick £	J W Chadwick £
Balance outstanding at 1 January 2022	19,141	26,698
Amounts advanced	(381,480)	(435,000)
Amounts repaid	233,946	230,381
Balance outstanding at 31 December 2022	(128,393)	(177,921)

The Group has received the following loans from directors:

	C Thomson £	C J Chadwick £
Balance outstanding at 1 January 2022	-	359,380
Amounts advanced	-	(940,000)
Amounts repaid	62,551	769,649
Balance outstanding at 31 December 2022	62,551	189,029
 Maximum balance outstanding in the year	 62,551	 359,380

Interest on directors' loans is charged at 2.4% over the Bank of England base rate per annum. During the year the Group paid interest on directors' loans of £Nil (2021 - £2,997).

Airedale Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

31. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

The Group has received the following loans from members of the directors' families:

	Balance outstanding at 1 January 2022 £	Maximum balance outstanding in the year £	Balance outstanding at 31 December 2022 £
L C Hall	5,893	241,737	235,855
D A Chadwick	89,487	90,697	90,697
R P Chadwick	-	243,054	243,054
B M Hall	241,068	241,068	-

The Group pays a commercial rate of interest of 2.40% above bank of England base rate on these loans. During the year the loans attracted interest of £7,663 (2021 - £8,350).

R P Chadwick who is a member of the directors' families, has a loan due to the company at 31 December 2022 of £NIL (2021 - £339,005).

32. Events after the reporting date

On 1 March 2023, Airedale Group Holdings Limited acquired 100% of the share capital of McCann Chemicals Limited. Consideration for the acquisition was made up of initial consideration of £2.25m and then further deferred consideration / earn out consideration amounts to be based upon the trading results of McCann Chemicals Limited during the year ending 31 December 2023.

33. Controlling party

The Group is controlled by the Chadwick family given their majority shareholding.