

Armstrong Craven Limited

Directors' Report and Financial Statements

Year Ended

31 December 2021

Company Number 08559490



Armstrong Craven Limited

Company Information

Directors Rachel Elizabeth Davis
Mark Richard Bates
Peter Howarth

Registered number 08559490

Registered office Fourth Floor Suite
3 Barrington Road
Altrincham
Cheshire
England
WA14 1GY

Independent auditor BDO LLP
3 Hardman Street
Manchester
M3 3AT

Armstrong Craven Limited

Contents

	Page
Directors' Report	1 - 2
Directors' Responsibilities Statement	3
Independent Auditor's Report	4 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 21

Armstrong Craven Limited

Directors' Report For the Year Ended 31 December 2021

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the supply of services to large multinational clients across industry sectors, markets and functions experiencing high growth or transformational change, with limited talent pools or with scarce/specialist resource requirements.

Directors

The Directors who served during the year were:

Rachel Elizabeth Davis
Mark Richard Bates
Peter Howarth

Qualifying third party indemnity provisions

All Directors benefited from third party indemnity provisions in place during the financial year and at the date of this report.

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'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's auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the Directors have reached their conclusion.

The Company has net liabilities. The main reason for this is due to the loan notes outstanding with the Directors and shareholders of £2,138,289, (2020 - £1,975,457). These loans notes were renegotiated during the year to be payable by 2025 unless an exit takes place before then (see note 16).

After taking into account the current economic uncertainty, as well as reviewing the company's forecasts and projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion, the Directors have considered the company's profit and cash flow plans for the coming period, and in the light of the outbreak of conflict in the Ukraine have run downside "stress test" scenarios. These scenarios assess the company's ability to trade with downside revenue forecast over the next 12 months.

The impact of Covid-19 in 2020 was significant, and its impact on 2021 was always uncertain, but the company did start to see some recovery towards the end of the 2020, and this recovery continued through 2021 and well into 2022's trading year. Due to increased sales the company have had a significant strengthening of its cash balance and the statement of financial position, and have repaid the deferred payments made available from the Government's time to pay scheme.

Armstrong Craven Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Going concern (continued)

The Russian invasion of Ukraine on 24 February 2022 and the resulting implementation of economic sanctions by multiple jurisdictions have triggered disruptions and uncertainties in the financial markets and the global economy. The increased geopolitical tensions are set to exacerbate concerns over inflation, supply chain bottlenecks, increase in raw material prices and unavailability of raw materials, among others. While the company does not have any operations in Ukraine, Russia and Belarus, the events, as well as the potential counter sanctions and other measures that may be taken by Russia, have created a high level of uncertainty to near-term global economic prospects and may impact the company's financial performance and financial position subsequent to the financial year end, the extent of which will depend on how the Russia-Ukraine conflict evolves. The company is closely monitoring due impact of the developments on the company's businesses.

These actions along with the forecasts and stress test scenarios produced shows that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of sign off of these financial statements and therefore this company continues to adopt the going concern basis in preparing its financial statements.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25th November, 2022 and signed on its behalf.



Rachel Elizabeth Davis
Director

Armstrong Craven Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Directors are required to:

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

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

Armstrong Craven Limited

Independent Auditor's Report to the Members of Armstrong Craven Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Armstrong Craven Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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 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.

Armstrong Craven Limited

Independent Auditor's Report to the Members of Armstrong Craven 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Armstrong Craven Limited

Independent Auditor's Report to the Members of Armstrong Craven 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:

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the company and the sector in which it operates we considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the company accounting policies, United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to deferred income, accrued income and use of the going concern assumption;
- Revenue year end cut-off procedures;
- Identifying and testing journal entries, in particular any journal entries with specific unusual narratives and manual journals to cash and revenue;
- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Review of board meetings throughout the year and post year end;
- Obtaining an understanding of how the entity is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other audit evidence obtained during the audit;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Armstrong Craven Limited

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

DocuSigned by:

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Muhammad Sharif (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

25 November 2022

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

Armstrong Craven Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	As restated 2020 £
Turnover		8,638,678	3,518,242
Cost of sales		(8,602)	(3,273)
Gross profit		8,630,076	3,514,969
Administrative expenses		(7,727,973)	(4,073,669)
Other operating income		-	172,188
Operating profit/(loss)		902,103	(386,512)
Interest receivable and similar income		-	1
Interest payable and similar charges		(169,331)	(261,429)
Profit/(loss) before tax		732,772	(647,940)
Tax on profit/(loss)		145,918	20,245
Profit/(loss) for the financial year		878,690	(627,695)

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 11 to 21 form part of these financial statements.

Armstrong Craven Limited

Registered number: 08559490

Statement of Financial Position As at 31 December 2021

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Tangible assets	5		49,163		48,317
Investments	6		51		51
			<u>49,214</u>		<u>48,368</u>
Current assets					
Debtors: amounts falling due after more than one year	7	10,672		1,122	
Debtors: amounts falling due within one year	7	3,320,795		1,123,232	
Cash at bank and in hand		957,533		809,279	
		<u>4,289,000</u>		<u>1,933,633</u>	
Creditors: amounts falling due within one year	8	(2,362,894)		(1,048,203)	
Net current assets			<u>1,926,106</u>		<u>885,430</u>
Total assets less current liabilities			<u>1,975,320</u>		<u>933,798</u>
Creditors: amounts falling due after more than one year	9		(2,138,289)		(1,975,457)
Net liabilities			<u>(162,969)</u>		<u>(1,041,659)</u>
Capital and reserves					
Called up share capital	11		243		243
Share premium account	12		62,900		62,900
Capital redemption reserve	12		253		253
Profit and loss account	12		(226,365)		(1,105,055)
			<u>(162,969)</u>		<u>(1,041,659)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th November, 2022.



Rachel Elizabeth Davis
Director

The notes on pages 11 to 21 form part of these financial statements.

Armstrong Craven Limited

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total deficit
	£	£	£	£	£
At 1 January 2021	243	62,900	253	(1,105,055)	(1,041,659)
Comprehensive income for the year					
Profit for the year	-	-	-	878,690	878,690
Total comprehensive income for the year	-	-	-	878,690	878,690
Total transactions with owners	-	-	-	-	-
At 31 December 2021	243	62,900	253	(226,365)	(162,969)

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total deficit
	£	£	£	£	£
At 1 January 2020	243	-	253	(763,931)	(763,435)
Comprehensive loss for the year					
Loss for the year	-	-	-	(627,695)	(627,695)
Total comprehensive loss for the year	-	-	-	(627,695)	(627,695)
Shares issued during the year	-	62,900	-	-	62,900
Capital contribution	-	-	-	286,571	286,571
Total transactions with owners	-	62,900	-	286,571	349,471
At 31 December 2020	243	62,900	253	(1,105,055)	(1,041,659)

The notes on pages 11 to 21 form part of these financial statements.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Armstrong Craven Limited is a private company limited by shares 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the Directors have reached their conclusion.

The Company has net liabilities. The main reason for this is due to the loan notes outstanding with the Directors and shareholders of £2,138,289 (2020 - £1,975,457). These loans notes were renegotiated during the year to be payable by 2025 unless an exit takes place before then (see note 16).

After taking into account the current economic uncertainty, as well as reviewing the company's forecasts and projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion, the Directors have considered the company's profit and cash flow plans for the coming period, and in the light of the outbreak of conflict in the Ukraine have run downside "stress test" scenarios. These scenarios assess the company's ability to trade with downside revenue forecast over the next 12 months.

The impact of Covid-19 in 2020 was significant, and its impact on 2021 was always uncertain, but the Company did start to see some recovery towards the end of the 2020, and this recovery continued through 2021 and well into 2022's trading year. Due to increased sales the company have had a significant strengthening of its cash balance and the statement of financial position, and have repaid the deferred payments made available from the Government's time to pay scheme.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.2 Going concern (continued)

The Russian invasion of Ukraine on 24 February 2022 and the resulting implementation of economic sanctions by multiple jurisdictions have triggered disruptions and uncertainties in the financial markets and the global economy. The increased geopolitical tensions are set to exacerbate concerns over inflation, supply chain bottlenecks, increase in raw material prices and unavailability of raw materials, among others. While the company does not have any operations in Ukraine, Russia and Belarus, the events, as well as the potential counter sanctions and other measures that may be taken by Russia, have created a high level of uncertainty to near-term global economic prospects and may impact the company's financial performance and financial position subsequent to the financial year end, the extent of which will depend on how the Russia-Ukraine conflict evolves. The company is closely monitoring due impact of the developments on the company's businesses.

These actions along with the forecasts and stress test scenarios produced shows that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of sign off of these financial statements and therefore this company continues to adopt the going concern basis in preparing its financial statements.

2.3 Foreign currency translation

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 the statement of comprehensive income 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 statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the terms of the lease
Fixtures and fittings	- 2 to 5 years
Computer (including software) and office equipment	- 3 years

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 the statement of comprehensive income.

2.5 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.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable in demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.7 Financial instruments

Financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

b) where the instrument will or may be settled in the groups own equity instruments, it is either a non-derivative that includes an obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.8 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.

2.9 Deferred income

Turnover is deferred over the life of the projects and released to the Statement of Comprehensive Income depending on the stage of completion of the projects.

2.10 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services delivered to third party customers during the period.

2.11 Government grants

Other operating income

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income 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.

2.14 Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

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

- Determine the stage of completion of the projects in order to calculate the amount of revenue to be recognised. Management will make an assessment on the progress of the projects to confirm how much revenue should be recognised at the period end.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Employees

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

	2021 No.	2020 No.
Delivery	53	33
Sales, administration and management	18	17
	<u>71</u>	<u>50</u>

5. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Software £	Total £
Cost					
At 1 January 2021	68,440	27,374	70,650	358,870	525,334
Additions	-	-	60,522	6,603	67,125
Disposals	-	-	(27,874)	-	(27,874)
At 31 December 2021	<u>68,440</u>	<u>27,374</u>	<u>103,298</u>	<u>365,473</u>	<u>564,585</u>
Depreciation					
At 1 January 2021	66,644	26,821	64,759	318,793	477,017
Charge for the year	688	283	13,072	37,914	51,957
Disposals	-	-	(13,552)	-	(13,552)
At 31 December 2021	<u>67,332</u>	<u>27,104</u>	<u>64,279</u>	<u>356,707</u>	<u>515,422</u>
Net book value					
At 31 December 2021	<u>1,108</u>	<u>270</u>	<u>39,019</u>	<u>8,766</u>	<u>49,163</u>
At 31 December 2020	<u>1,796</u>	<u>553</u>	<u>5,891</u>	<u>40,077</u>	<u>48,317</u>

Securities

HSBC Bank plc hold a fixed charge over all leasehold improvements and a floating charge over all assets and undertakings.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	51
At 31 December 2021	51
Net book value	
At 31 December 2021	51
At 31 December 2020	51

The Company hold one £1 share (representing 100% of the issued share capital), at a cost of £1, in its wholly owned subsidiary Armstrong Craven Associates Limited. The subsidiary, which is registered in England & Wales, has not traded since it was incorporated during 2013 and has been dormant throughout the year. The address of Armstrong Craven Associates Limited is the same as Armstrong Craven Limited and is shown on the company information page.

The Company holds 100 shares at SGD\$1 each (representing 100% of the issued share capital) in Armstrong PTE Limited, a company incorporated on 6th February 2016 in Singapore.

The address of Armstrong PTE Limited is 6001 Beach Road, 14-01 GoldenMile Tower, Singapore, 199589.

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	10,672	1,122
	<u>10,672</u>	<u>1,122</u>
	2021 £	As restated 2020 £
Due within one year		
Trade debtors	2,302,357	640,082
Amounts owed by group undertakings	692,987	345,221
Other debtors	7,347	70
Prepayments and accrued income	160,149	125,858
Tax recoverable	-	276
Deferred taxation	157,955	11,725
	<u>3,320,795</u>	<u>1,123,232</u>

Impairment recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful debts in trade debtors was a debit of £27,320 (2020 - £3,000).

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

8. Creditors: amounts falling due within one year

	2021 £	As restated 2020 £
Bank loans	45,671	50,000
Trade creditors	317,027	198,166
Shares classified as liabilities and accrued finance costs	7,867	2,478
Other taxation and social security	340,615	370,852
Other creditors	33,391	19,745
Accruals and deferred income	1,618,323	406,962
	<u>2,362,894</u>	<u>1,048,203</u>

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Shareholder loan notes	<u>2,138,289</u>	<u>1,975,457</u>

The shareholder loan notes were renegotiated to be payable by 2025 unless an exit takes place before then.

10. Deferred taxation

	2021 £
At beginning of year	11,725
Credited to profit or loss	146,230
At end of year	<u>157,955</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	3,526	(4,748)
Short term timing differences	33,904	16,473
Losses and other deductions	120,525	-
	<u>157,955</u>	<u>11,725</u>

11. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6,290,000 (2020 - 6,290,000) B ordinary shares of £0.00000010- each	-	-
2,054,800 (2020 - 2,054,800) D ordinary shares of £0.000050 each	103	103
8,592,800 (2020 - 8,592,800) A1 Ordinary shares of £0.000010 each	86	86
1,083,440 (2020 - 1,083,440) A2 ordinary shares of £0.000050 each	54	54
	<u>243</u>	<u>243</u>

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Share capital (continued)

Ordinary Share classes in circulation are A1, A2, B and D shares. The rights attached to each class of share are as follow:

- regardless of the number of A1 Ordinary Shares actually held, the votes capable of being cast by the holders of the A1 Ordinary Shares in aggregate shall always be equal to 50% of the votes capable of being cast on any resolution of the company and each holder of A1 Ordinary Shares shall be entitled to cast votes representing such proportion of 50% as equals the proportion which the number of A1 Ordinary Shares held by such Shareholder bears to the aggregate number of A1 Ordinary Shares then in issue;
- regardless of the number of A2 Ordinary Shares actually held, the votes capable of being cast by the holders of the A2 Ordinary Shares in aggregate shall always be equal to 50% of the votes capable of being cast on any resolution of the company and each holder of A2 Ordinary Shares shall be entitled to cast votes representing such proportion of 50% as equals the proportion which the number of A2 Ordinary Shares held by such Shareholder bears to the aggregate number of A2 Ordinary Shares then in issue;
- shares and D Shares have no voting rights; and
- on the event of a share sale, the proceeds are applied in a specific order depending on the type of share held.

B Shares

The B ordinary shares have certain rights as detailed in the articles of association. These shares do not entitle the holders to participate in any profits of the company, other than as detailed under specific circumstances. The B shares are to accrue interest at the same rate as the loan stock on the value of the share premium account. The class of shares are treated as liabilities.

12. Reserves

The Company's capital and reserves are as follows:

Called up share capital

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

Share premium account

The share premium account includes the premium in issue if equity shares, net of any issue cost.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

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

Armstrong Craven Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Prior year adjustment

In the prior year, the company's interbranch balances have not been correctly netted off, but instead disclosed on a gross basis which is not appropriate treatment. These are now presented correctly in Statement of Financial Position and Statement of Comprehensive Income, with no impact on the operating loss and reserves.

14. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £117,484 (2020 - £86,623). Contributions totalling £32,541 (2020 - £19,744) were payable to the fund at the reporting date and are included in creditors.

15. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	72,130	75,219
Later than 1 year and not later than 5 years	162,282	23,333
Later than 5 years	11,192	-
	<u>245,604</u>	<u>98,552</u>

16. Related party transactions

The Company has an outstanding loan with the Shareholders (£2,138,289 at 31 December 2021 and £1,975,457 at 31 December 2020). The Company has not deferred the salaries of any Directors (31 December 2020 - £Nil). The Company paid board fees of £32,092 to Gresham House PLC (31 December 2020 - £Nil) during this year.

Included within Shareholder loan notes are amounts owed to M Bates, Director of the Company of £275,134 (2020 - £271,298).

Included within Shareholder loan notes are amounts owed to R Davies, Director of the Company of £25,594 (2020 - £23,664).

17. Ultimate parent undertaking and controlling party

The Directors believe there to be no individual controlling party