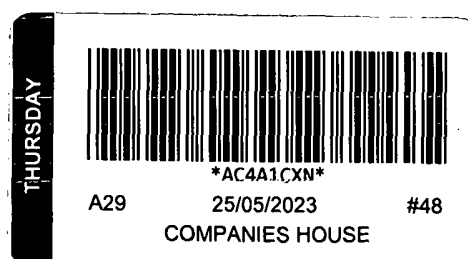


**REGISTRAR OF
COMPANIES**

FGP Group Limited

**Annual Report and Consolidated Financial Statements
Year Ended 31 March 2022**

Registration number: 09501876



FGP Group Limited

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FGP Group Limited

Company Information

Directors	Mr S Ghosh
	Mr D M Taylor
	Mr Jonathan Todd
Registered office	20 - 22 Cumberland Drive Granby Industrial Estate Weymouth DT4 9TB
Auditors	PKF Francis Clark Statutory Auditor Towngate House 2 - 8 Parkstone Road Poole Dorset BH15 2PW

FGP Group Limited

Strategic Report

Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the group is to supply a single sourced, engineered, and manufactured solution to our customers, within the aerospace, defence and commercial sectors. The group utilises the latest AI and robotic solutions, supported with innovative processes and technology, underpinned by a highly skilled workforce to deliver a world class customer experience. From "Design for Manufacture", (DFM), including build to print solutions, the group offers manufactured and treated products, including the supply of top-level assemblies that are shipped using "Direct Line Feed" (DLF) solutions, straight into our customers' factories and assembly lines.

Fair review of the business

The FGP Group continued to experience a downturn in demand for its products during the FY2022, with little or no demand for our commercial business class seating products, which adversely affected the business turnover during the period. The Group did experience increased demand for its military products and expect this to continue through FY 2023 onwards.

The Group continued to invest with new capability to support the newly awarded customer contracts, one being our RSC treatments business, with the addition of NADACP approved, electroless nickel and zinc nickel plating processes that were commissioned during the twelve month period.

The Group maintained a workforce above its actual requirements to support a strong capability level for our customers aligned to the anticipated recovery in the aerospace sector.

During the period, the sales and commercial teams secured multiple new long term customer contracts that will not only secure the business recovery but grow the revenue back above that of pre-covid levels. One of the newly acquired contracts alone, is a ten year contract valued at £80 million over the period.

The business has used the period to develop a more focussed, agile and flexible model that better supports our customer needs and will ultimately deliver increased efficiency and profitability for the group. The business ingested over 20% of its revenue from new products going through the first article process, with significant production volumes and revenue realisation being delivered during the next financial year 2023. The Group solution now includes engineering, manufacturing, treatments, plating, paint, heat treatments, welding, brazing, pressure test and full product assembly. This has gained significant customer interest with many now seeing the benefits of buying into the single sourced group solution, managed and delivered through a single business unit.

FY 2023 will see the Group back on a strong growth trajectory and return to profitability, aligned and supported by our five year strategy that will deliver the growth and development for the group and the opportunities ahead of us.

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

Financial KPIs	Unit	2022	2021
Turnover	£	13,415,536	14,638,943
Loss before tax	£	1,600,249	773,207
EBITDA	£	(375,751)	561,737

FGP Group Limited

Strategic Report

Year Ended 31 March 2022

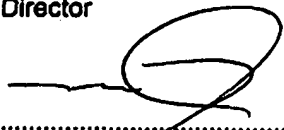
Principal risks and uncertainties

The aerospace long haul sector recovery was again delayed during the period due to the continued closure of multiple significant travel borders around the world. This adversely affected the long-haul Airbus A350 and Boeing 787 product lines, that group offered to its customers. The sector is now expected to recover around FY 2023/24. Group has used this period to mitigate these downturns in demand going forward, by expanding its product offering to their military and defence customers. This will make up the expected shortfall in coming years and enable "The Group" to return to growth in the next financial year FY 2023.

Approved and authorised by the Board on 23.5.23 and signed on its behalf by:



.....
Mr S Ghosh
Director



.....
Mr D M Taylor
Director

FGP Group Limited

Directors' Report

Year Ended 31 March 2022

The directors present their report and the consolidated financial statements for the year ended 31 March 2022.

Directors of the group

The directors who held office during the year were as follows:

Mr S Ghosh

Mr D M Taylor

Mr A Dunn (ceased 20 September 2021)

The following director was appointed after the year end:

Mr Jonathan Todd (appointed 7 September 2022)

Going concern

The last few FY's has been very costly for the group, in terms of cash. There have been exceptionally large costs to support the newly awarded contracts, in the way of asset purchases, materials and labour costs, all of which have been absorbed before the business has been able to realise sales for forementioned contracts. These additional costs have resulted in a cash deficit for the group in the past two years, however forecasts show that the group will start to create significant positive cash in FY 24, as the contracts start to generate sales.

Cash has been predominantly financed through the groups CID facility. As of March 22, the headroom of the Group's facility was circa 62%, however if we look forward to FY 23 this headroom has decreased to 30%. This decrease has been driven by the significant increase in sales YOY. The group have reviewed this with the provider and feel confident that the facility has enough headroom to support the ongoing work for the site in the coming FY.

The group also have the use of a facility with JP Morgan, which provides a solution for instant payment of one of the non-CID funded customers invoices, on a 10 day turnaround from the point the invoice is raised. This accounts for around 25% of the group's turnover, with an unlimited amount of headroom (this will increase YOY, as one of the groups new awarded contracts will use this facility).

Both facilities have been reviewed and have satisfied the business that FGP have sufficient cover for the next FY.

Financial instruments

Objectives and policies

The directors continually review the financial and operational risk management policies of the Group. A full risk assessment is undertaken for all contracts before issuing quotations to customers.

By operating appropriate certified management systems, the Group is committed to providing the highest standard of design service and quality for all products supplied and installed to customers' requirements.

FGP Group Limited

Directors' Report

Year Ended 31 March 2022

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

The group is exposed to commodity price risk which it partially offsets by either forward buying and/or bulk purchasing of raw materials in order to take advantage of market opportunities. In addition, the Group is continually seeking alternative materials which meet its strict quality standards. There is also price risk in respect of the loan and other finance provided to the company by various funders. The directors regularly monitor the performance of the group in the light of its finance costs and periodically review the terms and conditions, including pricing of the finance provided.

Credit risk

The principal financial assets are trade debtors and plant and machinery assets. The customer relationships are very good and are proactively managed by the sales, commercial and account management teams. The plant and machinery are maintained and serviced proactively to a high level supported with total planned maintenance (TPM) programmes by our internal and external maintenance support teams. The company also uses the services of national and international credit ratings agencies to set the parameters to ensure certainty, of our receivables.

Liquidity risk

The Directors and senior management team have maintained the available credit lines if needed to support the business, which was beneficial during the last trading period, as the business had planned to support a relevant labour skill set and infrastructure that was more aligned to the recovery in customer demand from FY 2023 onwards.

FGP Group Limited

Directors' Report

Year Ended 31 March 2022

Contract risk

The company conducts significant levels of its business under the provisions of customer contract pricing agreements, these enable Group through mutual negotiation to pass through any significant input increases to their customers if necessary. The key to managing these risks are robust tendering and contract review processes, supported by strong operational KPI performance levels. Tenders whose values and profiles are in excess of pre-set qualitative and quantitative parameters, must also be approved by the board of directors.

HSE

Health and safety risks are continually assessed, monitored and improved where necessary to support our HSE plan and continue to operate at best in class standards.

Environmental risks

The company places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance but also strives to ensure best practice is incorporated into its key processes.

Commercial relationships

The company maintains strong relationships with each of its key customers and has established credit control parameters for each of them. There is a rigorous control procedure for cash flow which includes regular reviews of collections and payments to minimise the risks to liquidity.

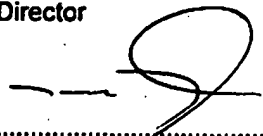
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on 23.5.23 and signed on its behalf by:



.....
Mr S Ghosh
Director



.....
Mr D M Taylor
Director

FGP Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the 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 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FGP Group Limited

Independent Auditor's Report to the Members of FGP Group Limited

Opinion

We have audited the financial statements of FGP Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

FGP Group Limited

Independent Auditor's Report to the Members of FGP Group Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities set out on page 7, 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.

FGP Group Limited

Independent Auditor's Report to the Members of FGP Group Limited

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.

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 part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the parent company and the group. We gained an understanding of the parent company and the group and the industry in which the parent company and the group operates as part of this assessment to identify the key laws and regulations affecting the parent company and the group. We enquired with management policies and procedures and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations we identified were health and safety regulations, employment law and also those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and tax legislation.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances of fraud.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenge assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

FGP Group Limited

Independent Auditor's Report to the Members of FGP Group Limited

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Chloe Mills

Chloe Mills FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Towngate House
2 - 8 Parkstone Road
Poole
Dorset
BH15 2PW

Date: 24.5.23

FGP Group Limited

Consolidated Profit and Loss Account

Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	13,415,536	14,638,943
Cost of sales		<u>(7,027,522)</u>	<u>(7,542,316)</u>
Gross profit		6,388,014	7,096,627
Distribution costs		(97,302)	(362,278)
Administrative expenses		(7,969,258)	(8,131,441)
Other operating income	4	<u>256,084</u>	<u>845,750</u>
Operating loss	5	(1,422,462)	(551,342)
Interest payable and similar expenses	9	<u>(177,787)</u>	<u>(221,865)</u>
Loss before tax		(1,600,249)	(773,207)
Tax on loss	10	<u>326,318</u>	<u>311,261</u>
Loss for the financial year		<u>(1,273,931)</u>	<u>(461,946)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(1,273,931)</u>	<u>(461,946)</u>

The group has no recognised gains or losses for the year other than the results above.

FGP Group Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2022

	2022 £	2021 £
Loss for the year	<u>(1,273,931)</u>	<u>(461,946)</u>
Total comprehensive income for the year	<u><u>(1,273,931)</u></u>	<u><u>(461,946)</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>(1,273,931)</u></u>	<u><u>(461,946)</u></u>

FGP Group Limited

Consolidated Balance Sheet


31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	849,375	983,851
Tangible assets	12	<u>7,637,307</u>	<u>8,117,640</u>
		<u>8,486,682</u>	<u>9,101,491</u>
Current assets			
Stocks	14	3,563,043	3,607,344
Debtors	15	3,810,476	3,654,863
Cash at bank and in hand		<u>250,745</u>	<u>1,587,616</u>
		<u>7,624,264</u>	<u>8,849,823</u>
Creditors: Amounts falling due within one year	17	<u>(5,158,426)</u>	<u>(5,023,826)</u>
Net current assets		<u>2,465,838</u>	<u>3,825,997</u>
Total assets less current liabilities		<u>10,952,520</u>	<u>12,927,488</u>
Creditors: Amounts falling due after more than one year	17	<u>(1,778,183)</u>	<u>(2,589,027)</u>
Provisions for liabilities		<u>(861,052)</u>	<u>(751,245)</u>
Net assets		<u>8,313,285</u>	<u>9,587,216</u>
Capital and reserves			
Called up share capital	21	49,413	49,413
Share premium reserve		5,182,886	5,182,886
Other reserves		2,832,117	2,832,117
Profit and loss account		<u>248,869</u>	<u>1,522,800</u>
Equity attributable to owners of the company		<u>8,313,285</u>	<u>9,587,216</u>
Shareholders' funds		<u>8,313,285</u>	<u>9,587,216</u>

Approved and authorised by the Board on 23.5.23 and signed on its behalf by:



Mr S Ghosh
Director



Mr D M Taylor
Director

Company Registration Number: 09501876

FGP Group Limited


Balance Sheet

31 March 2022

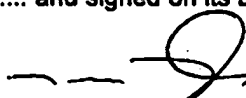
	Note	2022 £	2021 £
Fixed assets			
Investments	13	2,870,752	2,870,752
Current assets			
Debtors	15	5,214,721	5,090,938
Cash at bank and in hand		-	150,000
		<u>5,214,721</u>	<u>5,240,938</u>
Creditors: Amounts falling due within one year	17	<u>(235,150)</u>	<u>(35,289)</u>
Net current assets		<u>4,979,571</u>	<u>5,205,649</u>
Total assets less current liabilities		7,850,323	8,076,401
Creditors: Amounts falling due after more than one year	17	<u>(1,009,423)</u>	<u>(1,229,167)</u>
Net assets		<u>6,840,900</u>	<u>6,847,234</u>
Capital and reserves			
Called up share capital	21	49,413	49,413
Share premium reserve		5,182,886	5,182,886
Other reserves		2,832,117	2,832,117
Profit and loss account		<u>(1,223,516)</u>	<u>(1,217,182)</u>
Shareholders' funds		<u>6,840,900</u>	<u>6,847,234</u>

The company made a loss after tax for the financial year of £6,334 (2021 - loss of £33,556).

Approved and authorised by the Board on 23.5.23 and signed on its behalf by:



Mr S Ghosh
Director



Mr D M Taylor
Director

Company Registration Number: 09501876

FGP Group Limited

Consolidated Statement of Changes in Equity

Year Ended 31 March 2022

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £	Total equity £
At 1 April 2021	49,413	5,182,886	2,832,117	1,522,800	9,587,216	9,587,216
Loss for the year	-	-	-	(1,273,931)	(1,273,931)	(1,273,931)
At 31 March 2022	49,413	5,182,886	2,832,117	248,869	8,313,285	8,313,285
	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £	Total equity £
At 1 April 2020	49,413	5,182,886	2,832,117	1,984,746	10,049,162	10,049,162
Loss for the year	-	-	-	(461,946)	(461,946)	(461,946)
At 31 March 2021	49,413	5,182,886	2,832,117	1,522,800	9,587,216	9,587,216

FGP Group Limited

Statement of Changes in Equity

Year Ended 31 March 2022

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 April 2021	49,413	5,182,886	2,832,117	(1,217,182)	6,847,234
Loss for the year	-	-	-	(6,334)	(6,334)
At 31 March 2022	49,413	5,182,886	2,832,117	(1,223,516)	6,840,900

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total £
At 1 April 2020	49,413	5,182,886	2,832,117	(1,183,626)	6,880,790
Loss for the year	-	-	-	(33,556)	(33,556)
At 31 March 2021	49,413	5,182,886	2,832,117	(1,217,182)	6,847,234

The notes on pages 19 to 38 form an integral part of these financial statements.

FGP Group Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss for the year		(1,273,931)	(461,946)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	1,053,622	1,113,009
Profit on disposal of tangible assets		(6,911)	(70)
Finance costs	9	172,515	167,442
Income tax expense	10	(326,318)	(311,261)
		(381,023)	507,174
Working capital adjustments			
Decrease in stocks	14	44,301	137,754
(Increase)/decrease in trade debtors	15	(455,295)	1,467,495
Decrease in trade creditors	17	(5,719)	(206,011)
Increase in provisions		18,187	20,100
Cash generated from operations		(779,549)	1,926,512
Income taxes received/(paid)	10	717,620	(360)
Net cash flow from operating activities		(61,929)	1,926,152
Cash flows from investing activities			
Acquisitions of tangible assets		(431,838)	(759,691)
Proceeds from sale of tangible assets		23,430	6,250
Net cash flows from investing activities		(408,408)	(753,441)
Cash flows from financing activities			
Interest paid	9	(172,515)	(167,442)
Proceeds from bank borrowing draw downs		(72,868)	1,250,000
Payments to finance lease creditors		(937,821)	(1,673,269)
Receipts from finance lease creditors		-	1,060,349
Net cash flows from financing activities		(1,183,204)	469,638
Net (decrease)/increase in cash and cash equivalents		(1,653,541)	1,642,349
Cash and cash equivalents at 1 April		391,974	(1,250,375)
Cash and cash equivalents at 31 March		(1,261,567)	391,974

The notes on pages 19 to 38 form an integral part of these financial statements.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

20 - 22 Cumberland Drive
Granby Industrial Estate
Weymouth
DT4 9TB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The last few FY's has been very costly for the group, in terms of cash. There have been exceptionally large costs to support the newly awarded contracts, in the way of asset purchases, materials and labour costs, all of which have been absorbed before the business has been able to realise sales for forementioned contracts. These additional costs have resulted in a cash deficit for the group in the past two years, however forecasts show that the group will start to create significant positive cash in FY 24, as the contracts start to generate sales.

Cash has been predominantly financed through the groups CID facility. As of March 22, the headroom of the Group's facility was circa 62%, however if we look forward to FY 23 this headroom has decreased to 30%. This decrease has been driven by the significant increase in sales YOY. The group have reviewed this with the provider and feel confident that the facility has enough headroom to support the ongoing work for the site in the coming FY.

The group also have the use of a facility with JP Morgan, which provides a solution for instant payment of one of the non-CID funded customers invoices, on a 10 day turnaround from the point the invoice is raised. This accounts for around 25% of the group's turnover, with an unlimited amount of headroom (this will increase YOY, as one of the groups new awarded contracts will use this facility). Both facilities have been reviewed and have satisfied the business that FGP have sufficient cover for the next FY.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

A) Key sources of estimation uncertainty

Accounting estimates and assumption are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets. See notes to the accounts for the carrying amount of the property, plant, and equipment and for the useful economic lives for each class of assets.

ii) Stock provision

The group utilises raw materials in its provision of engineering precision services and is subject to varying raw material prices. As a result, it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the inventory provision, management consider the nature and condition of the inventory, as well as applying assumptions around anticipated salability of finished goods and future use of raw materials.

iii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

iv) Impairment of intangible assets and goodwill

The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of the recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Government grants

Grants are recognised in the financial statements when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

Grants become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 group operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the consolidated profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	7% - 15% straight line
Equipment	10% - 25% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line
Land and buildings	7% - 12% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Finished goods stock delivered to, and under the control and management of customers, is treated as sales once accepted by the customer.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Impairment

If a reliable measure of fair value is not available, the financial instrument is valued at cost less impairment.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

3 Turnover

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2022 £	2021 £
Sale of goods	13,400,049	14,603,798
Sale of scrap	15,487	35,145
	<u>13,415,536</u>	<u>14,638,943</u>

The analysis of the group's Turnover for the year by market is as follows:

	2022 £	2021 £
UK	12,196,961	14,410,610
Rest of world	1,218,575	228,333
	<u>13,415,536</u>	<u>14,638,943</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	247,043	840,580
Miscellaneous other operating income	9,041	5,170
	<u>256,084</u>	<u>845,750</u>

5 Operating loss

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	919,146	899,806
Amortisation expense	134,476	213,203
Operating lease expense - plant and machinery	15,629	12,867
Operating lease expense - other	2,896	1,364
Profit on disposal of property, plant and equipment	<u>(6,911)</u>	<u>(70)</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	6,570,197	6,526,348
Social security costs	636,090	597,485
Pension costs, defined contribution scheme	154,949	176,261
Other employee expense	64,844	73,413
	<u>7,426,080</u>	<u>7,373,507</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	146	122
Administration and support	34	56
	<u>180</u>	<u>178</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Sums paid to third parties for directors' services	<u>28,174</u>	<u>23,400</u>

8 Auditor's remuneration

	2022 £	2021 £
Audit of these financial statements	<u>21,730</u>	<u>24,400</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	2,826	1,934
Interest on obligations under finance leases and hire purchase contracts	89,089	143,363
Interest expense on other finance liabilities	80,600	23,731
Foreign exchange gains	5,272	52,837
	<u>177,787</u>	<u>221,865</u>

10 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	(417,526)	(350,427)
UK corporation tax adjustment to prior periods	(412)	(25,515)
	<u>(417,938)</u>	<u>(375,942)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	91,620	(6,418)
Arising from changes in tax rates and laws	-	71,099
Total deferred taxation	<u>91,620</u>	<u>64,681</u>
Tax receipt in the income statement	<u>(326,318)</u>	<u>(311,261)</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(1,600,249)</u>	<u>(773,207)</u>
Corporation tax at standard rate	(304,047)	(146,909)
Effect of expense not deductible in determining taxable profit (tax loss)	26,126	48,140
Effect of tax losses	1,608	(5,779)
Decrease in UK and foreign current tax from adjustment for prior periods	(412)	-
Tax increase from effect of capital allowances and depreciation	67,800	-
Tax (decrease)/increase from other short-term timing differences	(5,076)	592
Tax decrease from effect of adjustment in research and development tax credit	<u>(112,317)</u>	<u>(207,305)</u>
Total tax credit	<u>(326,318)</u>	<u>(311,261)</u>

11 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 April 2021	<u>1,369,802</u>	<u>1,369,802</u>
At 31 March 2022	<u>1,369,802</u>	<u>1,369,802</u>
Amortisation		
At 1 April 2021	385,951	385,951
Amortisation charge	<u>134,476</u>	<u>134,476</u>
At 31 March 2022	<u>520,427</u>	<u>520,427</u>
Carrying amount		
At 31 March 2022	<u>849,375</u>	<u>849,375</u>
At 31 March 2021	<u>983,851</u>	<u>983,851</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

12 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 April 2021	524,219	450,434	122,786	10,355,539	11,452,978
Additions	25,752	76,853	-	352,727	455,332
Disposals	-	-	(53,750)	(27,408)	(81,158)
At 31 March 2022	549,971	527,287	69,036	10,680,858	11,827,152
Depreciation					
At 1 April 2021	116,098	287,395	117,664	2,814,181	3,335,338
Charge for the year	42,694	84,842	3,893	787,717	919,146
Eliminated on disposal	-	-	(53,750)	(10,889)	(64,639)
At 31 March 2022	158,792	372,237	67,807	3,591,009	4,189,845
Carrying amount					
At 31 March 2022	391,179	155,050	1,229	7,089,849	7,637,307
At 31 March 2021	408,121	163,039	5,122	7,541,358	8,117,640

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Included within the net book value of land and buildings above is £391,179 (2021 - £408,121) in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022	2021
	£	£
Plant and machinery	2,936,163	4,626,675
Motor vehicles	-	721
	<u>2,936,163</u>	<u>4,627,396</u>

Restriction on title and pledged as security

Short leasehold land and buildings with a carrying amount of £391,179 (2021 - £408,121) has been pledged as security for invoice discounting facilities.

Furniture, fittings and equipment with a carrying amount of £155,050 (2021 - £163,039) has been pledged as security for invoice discounting facilities.

Motor vehicles with a carrying amount of £1,229 (2021 - £5,122) has been pledged as security for invoice discounting facilities.

Plant and machinery with a carrying amount of £4,565,882 (2021 - £7,541,358) has been pledged as security for invoice discounting facilities.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

13 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
FGP Systems Ltd*	20 - 22 Cumberland Drive, Granby Industrial Estate, Weymouth, DT4 9TB England	Ordinary £1 shares	100%	100%
FGP Lufton Ltd	20 - 22 Cumberland Drive, Granby Industrial Estate, Weymouth, DT4 9TB England	Ordinary £1 shares	100%	100%
Heartland Engineering Ltd*	20 - 22 Cumberland Drive, Granby Industrial Estate, Weymouth, DT4 9TB England	Ordinary £1 shares	100%	100%
Ramp Surface Coatings Ltd	20 - 22 Cumberland Drive, Granby Industrial Estate, Weymouth, DT4 9TB England	Ordinary £1 shares	100%	100%

* indicates direct investment of the company

Subsidiary undertakings

The principal activity of FGP Systems Ltd is the manufacture and sale of engineering parts for the aerospace industry.

The principal activity of FGP Lufton Ltd is the manufacture and sale of engineering parts for the aerospace industry.

The principal activity of Heartland Engineering Ltd is that of a non-trading parent company.

The principal activity of Ramp Surface Coatings Ltd is specialist metal treatments and surface coatings for the aerospace and defence sectors.

For the year ending 31 March 2022 the subsidiary Heartland Engineering Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

Company

	2022 £	2021 £
Investments in subsidiaries	<u>2,870,752</u>	<u>2,870,752</u>

Subsidiaries	£
Cost or valuation	
At 1 April 2021	<u>2,870,752</u>
Provision	
Carrying amount	
At 31 March 2022	<u>2,870,752</u>
At 31 March 2021	<u>2,870,752</u>

14 Stocks

	2022 £	Group 2021 £	2022 £	Company 2021 £
Raw materials and consumables	675,071	671,361	-	-
Work in progress	1,372,526	1,486,791	-	-
Finished goods and goods for resale	<u>1,515,446</u>	<u>1,449,192</u>	-	-
	<u>3,563,043</u>	<u>3,607,344</u>	-	-

Group

The carrying amount of stocks pledged as security for liabilities amounted to £3,563,043 (2021 - £3,607,344).

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

15 Debtors

	Note	2022 £	Group 2021 £	2022 £	Company 2021 £
Trade debtors		2,183,301	1,837,681	250	-
Amounts due from group undertakings	24	-	-	5,182,116	5,069,798
Other debtors		319,261	109,029	23,742	12,527
Prepayments		371,501	367,840	-	-
Accrued income		205,689	353,873	-	-
Gross amount due from customers for contract work		278,736	234,770	-	-
Income tax asset	10	451,988	751,670	8,613	8,613
		<u>3,810,476</u>	<u>3,654,863</u>	<u>5,214,721</u>	<u>5,090,938</u>

Group

Bank loans and overdrafts of £1,512,312 (2021 - £1,195,642) are secured upon trade debtors in favour of Lloyds Bank Commercial Finance Limited..

16 Cash and cash equivalents

	2022 £	Group 2021 £	2022 £	Company 2021 £
Cash on hand	1,593	1,047	-	-
Cash at bank	249,148	729,840	-	150,000
Short-term deposits	4	856,729	-	-
	<u>250,745</u>	<u>1,587,616</u>	<u>-</u>	<u>150,000</u>
Bank overdrafts	<u>(1,512,312)</u>	<u>(1,195,642)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>(1,261,567)</u>	<u>391,974</u>	<u>-</u>	<u>150,000</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

17 Creditors

	Note	2022 £	Group 2021 £	2022 £	Company 2021 £
Due within one year					
Loans and borrowings	18	2,378,918	2,238,599	219,744	20,833
Trade creditors		1,739,734	1,368,147	-	-
Social security and other taxes		814,272	1,309,408	-	-
Outstanding defined contribution pension costs		42,770	34,251	-	-
Other creditors		32,117	12,325	15,406	(250)
Accrued expenses		150,615	61,096	-	14,706
		<u>5,158,426</u>	<u>5,023,826</u>	<u>235,150</u>	<u>35,289</u>
Due after one year					
Loans and borrowings	18	<u>1,778,183</u>	<u>2,589,027</u>	<u>1,009,423</u>	<u>1,229,167</u>

Bank loans and overdrafts of £1,512,312 (2021: £1,195,642) are secured upon trade debtors in favour of Lloyds Bank Commercial Finance Limited.

Hire purchase and finance leases of £1,415,622 (2021: £2,329,949) are secured upon the assets to which they relate.

18 Loans and borrowings

	2022 £	Group 2021 £	2022 £	Company 2021 £
Non-current loans and borrowings				
Bank borrowings	1,009,423	1,229,167	1,009,423	1,229,167
Hire purchase contracts	<u>768,760</u>	<u>1,359,860</u>	<u>-</u>	<u>-</u>
	<u>1,778,183</u>	<u>2,589,027</u>	<u>1,009,423</u>	<u>1,229,167</u>

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

	2022 £	Group 2021 £	2022 £	Company 2021 £
Current loans and borrowings				
Bank borrowings	219,744	72,868	219,744	20,833
Bank overdrafts	1,512,312	1,195,642	-	-
Hire purchase contracts	646,862	970,089	-	-
	<u>2,378,918</u>	<u>2,238,599</u>	<u>219,744</u>	<u>20,833</u>

19 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	646,862	1,702,880
Later than one year and not later than five years	768,760	679,104
	<u>1,415,622</u>	<u>2,381,984</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	404,826	399,189
Later than one year and not later than five years	1,262,210	1,465,810
Later than five years	249,750	400,859
	<u>1,916,786</u>	<u>2,265,858</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £402,090 (2021 - £394,868).

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £154,949 (2021 - £176,261).

Contributions totalling £42,770 (2021 - £34,251) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary of £0.01 each	<u>4,941,304</u>	<u>49,413.04</u>	<u>4,941,304</u>	<u>49,413.04</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The ordinary shares have full voting rights and rights to dividends at the discretion of the directors.

22 Financial guarantee contracts

Company

An Omnibus Guarantee and Set Off Agreement was entered into on 03 February 2021 between Lloyds Bank plc and FGP Group Ltd, FGP Systems Ltd, FGP Lufton Ltd, Ramp Surface Coatings Ltd and Heartland Engineering Ltd. The exposure to FGP Group Ltd for the loan balance of the other companies listed above is £2,086,292 (2021 - £928,152).

23 Parent and ultimate parent undertaking

In the opinion of the directors, there is no ultimate controlling party.

24 Related party transactions

Group

Summary of transactions with other related parties

The following transactions are related due to common directorships.

During the year the company paid £24,000 (2021: £28,800) for services rendered by Acytar Ltd and £4,167 (2021: £nil) for services rendered by JETodd Investments Ltd. As at year end £7,200 (2021: £2,400) was due to Acytar Ltd and £nil (2021: £nil) to JETodd.

FGP Group Limited

Notes to the Financial Statements

Year Ended 31 March 2022

25 Share-based payments

FGP Group Limited Enterprise Management Initiative Plan

Scheme details and movements

The scheme was established in November 2020 and share options in the company were granted to certain employees within the group, in February 2021. The scheme allows the option holders to acquire specified numbers of Ordinary B shares in the company at their par value, upon a sale or listing of the company providing the conditions of the scheme are met.

The directors have considered the value of the share options and concluded that this value is not material to the accounts and therefore no accounting entries have been made.