

Company Registration No. 12852951 (England and Wales)

**SHIPHAM HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2021**

# SHIPHAM HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr L Amram	(Appointed 2 September 2020)
	Mr R Moulds	(Appointed 2 September 2020)

<b>Company number</b>	12852951
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<b>Registered office</b>	D Shed West Building 72 To 74 Humber Enterprise Park Skua Road Brough England HU15 1EQ
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<b>Auditor</b>	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB
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# SHIPHAM HOLDINGS LIMITED

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# SHIPHAM HOLDINGS LIMITED

## STRATEGIC REPORT

### *FOR THE PERIOD ENDED 31 DECEMBER 2021*

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

#### **Fair review of the business**

The group vision is to be renowned as the experts, the market leader in our sector, delivering an unsurpassable customer service across our product range.

Our mission is to be a professional, agile business constantly originating products with features that deliver benefits and services and, through the establishment of long-term relationships, create and maintain a positive experience for all our stakeholders.

The business continues to streamline and standardise its product portfolio to improve cost efficiency and profitability, whilst developing products to satisfy market requirements. These steps will enable the group to continue improving its position in the market going forward.

The group maintains accreditation to ISO 9001, ISO 14001 and OHSAS 18000. These accreditations provide evidence of the group's commitment to Quality, Environment, and Health & Safety. In addition, several new customer approvals have been obtained within 2021; this has strengthened the group's position going forward.

Throughout 2021 the business continued to establish itself as an SME, following the 2020 divestment from a large corporation. Focus was given to the opening of an inhouse machine shop, along with the implementation of a new ERP system.

It is expected that these improvements will continue which, along with a healthy order book and future product development, will allow favourable revenue growth and increased market share.

The directors utilise turnover, gross profit margin and operating profit as their financial KPI's.

#### **Principal risks and uncertainties**

The group's principal markets are the Oil and Gas industry. Market conditions in these industries currently present some uncertainty and therefore risk to the business. Product development and access to new markets will provide some mitigation to this market risk.

On behalf of the board

Mr R Moulds

**Director**

1 September 2022

# SHIPHAM HOLDINGS LIMITED

## DIRECTORS' REPORT

### *FOR THE PERIOD ENDED 31 DECEMBER 2021*

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

Shiphams Holdings Limited was incorporated on 2 September 2020 and acquired its 100% trading subsidiary Shiphams Valves Limited on 1 October 2020.

#### **Principal activities**

The principal activity of the company and group continued to be that of the manufacture of valves.

#### **Results and dividends**

The results for the period are set out on page 7.

#### **Directors**

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

Mr L Amram	(Appointed 2 September 2020)
Mr R Moulds	(Appointed 2 September 2020)

#### **Auditor**

BHP LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of disclosure to auditor**

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

On behalf of the board

Mr R Moulds

**Director**

1 September 2022

# **SHIPHAM HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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

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

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

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# SHIPHAM HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHIPHAM HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Shiphams Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's loss for the period 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# SHIPHAM HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHIPHAM HOLDINGS LIMITED

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described 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 would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.



## **SHIPHAM HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHIPHAM HOLDINGS LIMITED**

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#### **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.

**Lesley Kendrew (Senior Statutory Auditor)**  
**For and on behalf of BHP LLP**

1 September 2022

**Chartered Accountants**  
**Statutory Auditor**

New Chartford House  
Centurion Way  
Cleckheaton  
Bradford  
West Yorkshire  
BD19 3QB

# SHIPHAM HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Period ended 31 December 2021 £
<b>Turnover</b>	<b>3</b>	6,338,165
Cost of sales		(5,025,564)
<b>Gross profit</b>		<u>1,312,601</u>
Distribution costs		(414,208)
Administrative expenses		(2,738,614)
Other operating income		113,814
Exceptional item	<b>4</b>	(2,889,439)
<b>Operating loss</b>	<b>5</b>	<u>(4,615,846)</u>
Interest receivable and similar income	<b>9</b>	276
Interest payable and similar expenses	<b>10</b>	(586,744)
<b>Loss before taxation</b>		<u>(5,202,314)</u>
Tax on loss	<b>11</b>	-
<b>Loss for the financial period</b>		<u><u>(5,202,314)</u></u>

Loss for the financial period is all attributable to the owners of the parent company.

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

# SHIPHAM HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£
<b>Fixed assets</b>			
Negative goodwill	12		(3,220,931)
Other intangible assets	12		493,624
			<hr/>
Total intangible assets			(2,727,307)
Tangible assets	13		3,610,873
			<hr/>
			883,566
<b>Current assets</b>			
Stocks	16	4,317,749	
Debtors	17	2,726,331	
Cash at bank and in hand		1,694,376	
		<hr/>	
		8,738,456	
<b>Creditors: amounts falling due within one year</b>	18	(5,346,340)	
		<hr/>	
<b>Net current assets</b>			3,392,116
			<hr/>
<b>Total assets less current liabilities</b>			4,275,682
			<hr/>
<b>Creditors: amounts falling due after more than one year</b>	19		(8,227,896)
			<hr/>
<b>Net liabilities</b>			(3,952,214)
			<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	22		1,250,100
Profit and loss reserves			(5,202,314)
			<hr/>
<b>Total equity</b>			(3,952,214)
			<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 1 September 2022 and are signed on its behalf by:

Mr R Moulds  
Director

# SHIPHAM HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£
<b>Fixed assets</b>			
Investments	14	5,109,624	
<b>Current assets</b>			
Debtors	17	3,258,404	
<b>Net current assets</b>			3,258,404
<b>Total assets less current liabilities</b>			8,368,028
<b>Creditors: amounts falling due after more than one year</b>	19	(7,619,244)	
<b>Net assets</b>			748,784
<b>Capital and reserves</b>			
Called up share capital	22	1,250,100	
Profit and loss reserves		(501,316)	
<b>Total equity</b>			748,784

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £501,316.

The financial statements were approved by the board of directors and authorised for issue on 1 September 2022 and are signed on its behalf by:

Mr R Moulds  
Director

Company Registration No. 12852951

# SHIPHAM HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 2 September 2020		-	-	-
Period ended 31 December 2021:				
Loss and total comprehensive income for the period		-	(5,202,314)	(5,202,314)
Issue of share capital	22	1,250,100	-	1,250,100
Balance at 31 December 2021		<u>1,250,100</u>	<u>(5,202,314)</u>	<u>(3,952,214)</u>

# SHIPHAM HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 2 September 2020		-	-	-
Period ended 31 December 2021:				
Loss and total comprehensive income for the period		-	(501,316)	(501,316)
Issue of share capital	22	1,250,100	-	1,250,100
Balance at 31 December 2021		<u>1,250,100</u>	<u>(501,316)</u>	<u>748,784</u>

# SHIPHAM HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 £	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	25	87,124	
Interest paid		(586,744)	
<b>Net cash outflow from operating activities</b>			(499,620)
<b>Investing activities</b>			
Goodwill on acquisition		(4,294,574)	
Assets acquired on acquisition		791,917	
Purchase of intangible assets		(424,002)	
Purchase of tangible fixed assets		(2,101,685)	
Interest received		276	
<b>Net cash used in investing activities</b>			(6,028,068)
<b>Financing activities</b>			
Proceeds from issue of shares		1,250,100	
Proceeds from borrowings		7,050,000	
Payment of finance leases obligations		(78,036)	
<b>Net cash generated from/(used in) financing activities</b>			8,222,064
<b>Net increase in cash and cash equivalents</b>			1,694,376
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			1,694,376

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Shiphams Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is D Shed West Building 72 To 74, Humber Enterprise Park, Skua Road, Brough, England, HU15 1EQ.

The group consists of Shiphams Holdings Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### **1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.



# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.3 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Shiphams Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### **1.4 Going concern**

Due to restructuring and the deployment of the new business model (new machine shop) the group suffered a loss for the period to 31 December 2021 of £5,202,314.

Turnover in 2022 is expected to double over 2021. The group expects turnover to rise further in 2023 to £15-18M, which should position Shiphams well for the years to come.

The directors have concluded that it is appropriate to prepare the group's financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future because the necessary financial support will continue to be provided by the parent company.

#### **1.5 Reporting period**

The financial statements have been prepared from the date of incorporation to 31 December 2021.

The year end was extended to align with group entities.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

#### 1.7 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.8 Intangible fixed assets - goodwill

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

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.9 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development costs	Straight line over 10 years once complete
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#### 1.10 Tangible fixed assets

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

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

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

Freehold land and buildings	2.5% / 10% straight line
Plant and equipment	10% / 20% straight line

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

#### 1.11 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.12 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.13 Stocks

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

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

#### 1.14 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.15 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.16 Equity instruments**

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

#### **1.17 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.18 Employee benefits

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

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

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

#### 1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.20 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

#### 1.21 Government grants

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

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

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

#### 1.22 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock provisions

It is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the ageing of individual stock lines and those in excess of 12 months are written down according to management's best estimate.

### 3 Turnover and other revenue

	2021 £
<b>Turnover analysed by class of business</b>	
Sale of goods	6,338,165
	<b>2021 £</b>
<b>Turnover analysed by geographical market</b>	
UK	1,733,423
North America	883,947
Europe	398,876
Middle East	2,476,203
Far East and Asia	493,943
Rest of the World	351,773
	6,338,165
	<b>2021 £</b>
<b>Other significant revenue</b>	
Interest income	276
Grants received	13,814
Assignment of intellectual property rights	100,000



# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 4 Exceptional item

	2021 £
<b>Expenditure</b>	
Exceptional items - Above operating loss	2,889,439
	<u>2,889,439</u>

Exceptional items above operating loss for 2021 related to costs of setting up a standalone business following the divestment from a large corporation.

### 5 Operating loss

	2021 £
Operating loss for the period is stated after charging/(crediting):	
Research and development costs	23,614
Government grants	(13,814)
Depreciation of owned tangible fixed assets	124,408
Impairment of owned tangible fixed assets	1,140,707
Loss on disposal of tangible fixed assets	4,041
Amortisation of intangible assets	(1,073,643)
Impairment of intangible assets	2,438,709
Operating lease charges	192,910
	<u>192,910</u>

### 6 Auditor's remuneration

	2021 £
Fees payable to the company's auditor and associates:	
<b>For audit services</b>	
Audit of the financial statements of the group and company	22,320
	<u>22,320</u>

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2021 Number	Company 2021 Number
	38	-
	22	-
	8	-
	<u>68</u>	<u>-</u>
Total	<u>68</u>	<u>-</u>

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

<b>7</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>Group</b>	<b>Company</b>
		<b>2021</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	2,942,787	-
	Social security costs	303,819	-
	Pension costs	216,757	-
		<u>3,463,363</u>	<u>-</u>
<b>8</b>	<b>Directors' remuneration</b>		<b>2021</b>
			<b>£</b>
	Remuneration for qualifying services		131,909
	Company pension contributions to defined contribution schemes		10,931
			<u>142,840</u>
<b>9</b>	<b>Interest receivable and similar income</b>		<b>2021</b>
			<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits		19
	Other interest income		257
			<u>276</u>
	Total income		<u>276</u>
<b>10</b>	<b>Interest payable and similar expenses</b>		<b>2021</b>
			<b>£</b>
	Other interest on financial liabilities		569,244
	Interest on finance leases and hire purchase contracts		17,500
			<u>586,744</u>
	Total finance costs		<u>586,744</u>

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 11 Taxation

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2021 £
Loss before taxation	(5,202,314)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(988,440)
Tax effect of expenses that are not deductible in determining taxable profit	61
Change in unrecognised deferred tax assets	1,960,332
Permanent capital allowances in excess of depreciation	(224,654)
Effect of changes in deferred tax rates	(747,299)
Taxation charge	-

### 12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Development costs £	Total £
<b>Cost</b>				
At 2 September 2020	-	-	-	-
Additions - separately acquired	-	-	424,002	424,002
Additions - business combinations	-	(4,294,574)	-	(4,294,574)
Acquired on acquisition of subsidiary	1,061,851	-	1,446,480	2,508,331
At 31 December 2021	1,061,851	(4,294,574)	1,870,482	(1,362,241)
<b>Amortisation and impairment</b>				
At 2 September 2020	-	-	-	-
Amortisation charged for the period	-	(1,073,643)	-	(1,073,643)
Acquired on acquisition of subsidiary	1,061,851	-	1,376,858	2,438,709
At 31 December 2021	1,061,851	(1,073,643)	1,376,858	1,365,066
<b>Carrying amount</b>				
At 31 December 2021	-	(3,220,931)	493,624	(2,727,307)

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

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Total £
<b>Cost</b>				
At 2 September 2020	-	-	-	-
Additions	-	2,939,496	122,217	3,061,713
Acquired on acquisition of subsidiary	671,197	-	1,147,119	1,818,316
Disposals	-	-	(6,236)	(6,236)
Transfers	(8,817)	-	8,817	-
At 31 December 2021	662,380	2,939,496	1,271,917	4,873,793
<b>Depreciation and impairment</b>				
At 2 September 2020	-	-	-	-
Depreciation charged in the period	83,385	-	41,023	124,408
Acquired on acquisition of subsidiary	128,108	-	1,012,599	1,140,707
Eliminated in respect of disposals	-	-	(2,195)	(2,195)
Transfers	(2,278)	-	2,278	-
At 31 December 2021	209,215	-	1,053,705	1,262,920
<b>Carrying amount</b>				
At 31 December 2021	453,165	2,939,496	218,212	3,610,873

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

### 14 Fixed asset investments

	Notes	Group 2021 £	Company 2021 £
Investments in subsidiaries	15	-	5,109,624
<b>Movements in fixed asset investments</b>			
<b>Company</b>			<b>Shares in subsidiaries £</b>
<b>Cost or valuation</b>			
At 2 September 2020			-
Additions			5,109,624
At 31 December 2021			5,109,624
<b>Carrying amount</b>			
At 31 December 2021			5,109,624

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 15 Subsidiaries

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

Name of undertaking	Class of shares held	% Held	
		Direct	Indirect
Shiphams Valves Limited	Ordinary	100.00	-
Shiphams Limited	Ordinary	0	100.00
John Mills & Sons (Newcastle) Limited	Ordinary	0	100.00
John Mills Valves Limited	Ordinary	0	100.00
Robert Cort Valves Limited	Ordinary	0	100.00
Robert Cort Limited	Ordinary	0	100.00

The registered office of all subsidiaries is D Shed, West Building, 72-74 Skua Road, Humber Enterprise Park, Brough, HU15 1EQ.

### 16 Stocks

	Group 2021 £	Company 2021 £
Raw materials and finished goods	4,185,968	-
Work in progress	131,781	-
	<u>4,317,749</u>	<u>-</u>

### 17 Debtors

	Group 2021 £	Company 2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,328,598	-
Other debtors	146,944	100
Prepayments and accrued income	250,789	-
	<u>2,726,331</u>	<u>100</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	-	3,258,304
	<u>-</u>	<u>3,258,304</u>
<b>Total debtors</b>	<u>2,726,331</u>	<u>3,258,404</u>

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	Company 2021 £
Obligations under finance leases	20	273,340	-
Trade creditors		3,203,977	-
Other creditors		708,815	-
Accruals and deferred income		1,160,208	-
		<u>5,346,340</u>	<u>-</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	Company 2021 £
Obligations under finance leases	20	608,652	-
Other borrowings		7,619,244	7,619,244
		<u>8,227,896</u>	<u>7,619,244</u>

Other borrowings are secured by a fixed and floating charge over the assets, property and undertaking of the group.

### 20 Finance lease obligations

	Group 2021 £	Company 2021 £
Future minimum lease payments due under finance leases:		
Within one year	329,191	-
In two to five years	733,470	-
	<u>1,062,661</u>	<u>-</u>
Less: future finance charges	(180,669)	-
	<u>881,992</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 21 Retirement benefit schemes

	2021 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	216,757

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 22 Share capital

	2021 Number	2021 £
<b>Group and company</b>		
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary shares of £1 each	1,250,100	1,250,100

### 23 Operating lease commitments

#### Lessee

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

	Group 2021 £	Company 2021 £
Within one year	155,844	-
Between two and five years	613,365	-
In over five years	112,500	-
	881,709	-

# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

### 24 Related party transactions

#### Transactions with related parties

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

	Interest payable	Royalties payable
	2021	2021
	£	£
<b>Group</b>		
Other related parties	569,245	185,378
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2021</b>
	<b>£</b>
<b>Group</b>	
Other related parties	7,619,244
	<u>          </u>

### 25 Cash generated from/(absorbed by) group operations

	<b>2021</b>
	<b>£</b>
Loss for the period after tax	(5,202,314)
<b>Adjustments for:</b>	
Finance costs	586,744
Investment income	(276)
Loss on disposal of tangible fixed assets	4,041
Amortisation and impairment of intangible assets	(1,073,643)
Depreciation and impairment of tangible fixed assets	124,408
<b>Movements in working capital:</b>	
Increase in stocks	(4,317,749)
Increase in debtors	(2,726,331)
Increase in creditors	12,692,244
	<u>          </u>
<b>Cash generated from/(absorbed by) operations</b>	<b>87,124</b>
	<u>          </u>



# SHIPHAM HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 26 Analysis of changes in net debt - group

	2 September 2020 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	-	1,694,376	-	1,694,376
Borrowings excluding overdrafts	-	(7,619,244)	-	(7,619,244)
Obligations under finance leases	-	78,036	(960,028)	(881,992)
	-	(5,846,832)	(960,028)	(6,806,860)

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