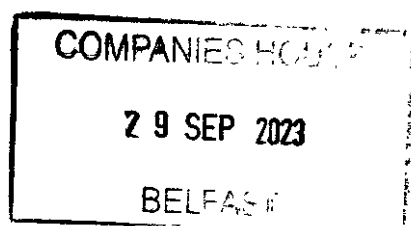


LF Fasthouse Ltd
Financial Statements
31st December 2022



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JNI *JCD2PZPT* #403
29/09/2023
COMPANIES HOUSE

BMK ACCOUNTING LIMITED
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

LF Fasthouse Ltd
Financial Statements
Year ended 31st December 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members	6
Statement of income and retained earnings	11
Statement of financial position	12
Statement of cash flows	13
Notes to the financial statements	14
The following pages do not form part of the financial statements	
Detailed income statement	27
Notes to the detailed income statement	28

LF Fasthouse Ltd

Officers and Professional Advisers

The board of directors

P Lagan
S Fox
CW Clements
PJ O'Brien
JPK Lagan

Registered office

Lagan House
19 Clarendon Road
Belfast
Co. Antrim
Northern Ireland
BT1 3BG

Auditor

BMK Accounting Limited
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

LF Fasthouse Ltd

Strategic Report

Year ended 31st December 2022

Principal Activity

The principal activity of the company is the design, manufacture and erection of timber frame buildings.

Fair review of the business

The company reported an operating profit in the period of £1,672,365 (2021 - loss of £348,577) on a turnover of £24,903,979 (2021 - £18,398,453). The improved financial performance was driven primarily by a significant increase in the volume of timber frame kits sold compared to the prior year. The uplift in demand for housing experienced in the second half of 2021 has continued into 2022, particularly in relation to the Republic of Ireland market.

Composite panel sales softened in the period, as the surge in demand for delivery vans and temporary buildings resulting from the Covid-19 pandemic returned to pre-pandemic levels.

Demand for timber frame housing continues to grow into 2023 and we are confident that the company is well positioned to best avail of opportunities presented by the markets in which it operates.

Principal risks and uncertainties

Whilst the company has experienced minimal impact on the material supply chain from Brexit and the resulting NI Protocol, the full longer term potential effect remains uncertain. Material availability and prices could also be impacted by the ongoing crisis in Ukraine. Management are confident that they have, as far as is possible, taken appropriate steps to mitigate these effects.

Timber frame sales volumes will be impacted by the UK and Irish housing markets and by other social economic factors. Foreign exchange rate movement could affect price realisation and margin on sales to the Republic of Ireland. The company continually reviews its criteria for investment and business development and will adapt to changing market conditions.

Key performance indicators

Due to the nature of the company's business, financial performance is reviewed and monitored at project level rather than on an aggregated basis. Non-financial performance measures for timeliness and quality of factory and site construction activities are recorded, monitored and reported at project level.

Environment and Corporate Responsibility

LF Fasthouse Ltd aims to improve their environmental performance by working together with their team members, customers, business partners, other stakeholders and the public to create a better environment for all. The company employs sustainable manufacturing and construction practices by reducing, recycling and re-using waste to optimise use of resources. The company believes that, as a sustainable business, it is their responsibility to contribute to the economic, environmental and social well-being of the communities where it operates. Through liaising with local community organisations, the company provides support and funding for good causes and provides help where most needed.

Employment policy

The company subscribes to Health and Safety and Wellbeing policies in which the primary objectives are to provide and maintain healthy working conditions for all team members.

Human resources

The company's most important resource is its people and their knowledge and experience are crucial to meeting day to day requirements that will improve company performance and take it forward.

LF Fasthouse Ltd

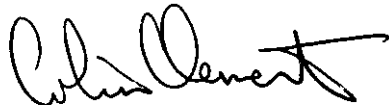
Strategic Report *(continued)*

Year ended 31st December 2022

Going concern

The company made a profit in the period of £1,410,733 (2021 - loss of £419,414) and is positioned well to capitalise on the growing requirement for affordable housing in the UK and Ireland, and the increasing adoption of off-site manufacturing as a key element in the residential and commercial construction industry. The directors therefore consider the company to be a going concern.

This report was approved by the board of directors on 16th May 2023 and signed on behalf of the board by:



CW Clements
Director

Registered office:
Lagan House
19 Clarendon Road
Belfast
Co. Antrim
Northern Ireland
BT1 3BG

LF Fasthouse Ltd

Directors' Report

Year ended 31st December 2022

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

Directors

The directors who served the company during the year were as follows:

S Fox
CW Clements
PJ O'Brien
JPK Lagan
P Lagan

(Appointed 1st December 2022)

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

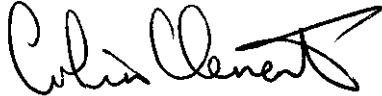
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

LF Fasthouse Ltd

Directors' Report *(continued)*

Year ended 31st December 2022

This report was approved by the board of directors on 16th May 2023 and signed on behalf of the board by:



CW Clements
Director

Registered office:
Lagan House
19 Clarendon Road
Belfast
Co. Antrim
Northern Ireland
BT1 3BG

LF Fasthouse Ltd

Independent Auditor's Report to the Members of LF Fasthouse Ltd

Year ended 31st December 2022

Opinion

We have audited the financial statements of LF Fasthouse Ltd (the 'company') for the year ended 31st December 2022 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 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 company's affairs as at 31st December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.

LF Fasthouse Ltd

Independent Auditor's Report to the Members of LF Fasthouse Ltd *(continued)*

Year ended 31st December 2022

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

LF Fasthouse Ltd

Independent Auditor's Report to the Members of LF Fasthouse Ltd *(continued)*

Year ended 31st December 2022

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:

- The nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- We make enquiries of management and those charged with governance if they are aware of any instances of non-compliance with key laws and regulations or whether they have knowledge of any actual, suspected or alleged fraud;
- The matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- We also reviewed key correspondence with external legal advisors and challenge assumptions and judgements made by management in their significant accounting estimates

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

Owing to 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 or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

LF Fasthouse Ltd

Independent Auditor's Report to the Members of LF Fasthouse Ltd *(continued)*

Year ended 31st December 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

LF Fasthouse Ltd

Independent Auditor's Report to the Members of LF Fasthouse Ltd *(continued)*

Year ended 31st December 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Brian McKee (Senior Statutory Auditor)

For and on behalf of
BMK Accounting Limited
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

16th May 2023

LF Fasthouse Ltd
Statement of Income and Retained Earnings
Year ended 31st December 2022

	Note	2022 £	2021 £
Turnover	4	24,903,979	18,398,453
Cost of sales		<u>18,224,263</u>	<u>14,480,116</u>
Gross profit		6,679,716	3,918,337
Distribution costs		584,520	478,707
Administrative expenses		4,441,945	3,948,110
Other operating income	5	<u>19,114</u>	<u>159,903</u>
Operating profit/(loss)	6	1,672,365	(348,577)
Other interest receivable and similar income	10	621	–
Interest payable and similar expenses	11	<u>386,857</u>	<u>314,376</u>
Profit/(loss) before taxation		1,286,129	(662,953)
Tax on profit/(loss)	12	<u>(124,604)</u>	<u>(243,539)</u>
Profit/(loss) for the financial year and total comprehensive income		<u>1,410,733</u>	<u>(419,414)</u>
Retained losses at the start of the year		(14,435,996)	(14,016,582)
Retained losses at the end of the year		<u>(13,025,263)</u>	<u>(14,435,996)</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

LF Fasthouse Ltd
Statement of Financial Position
31st December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	2,902,471	3,164,189
Current assets			
Stocks	14	956,639	1,827,356
Debtors	15	2,901,822	3,089,808
Cash at bank and in hand		3,050,118	2,451,366
		<u>6,908,579</u>	<u>7,368,530</u>
Creditors: amounts falling due within one year	16	<u>4,967,990</u>	9,492,820
Net current assets/(liabilities)		<u>1,940,589</u>	<u>(2,124,290)</u>
Total assets less current liabilities		<u>4,843,060</u>	<u>1,039,899</u>
Creditors: amounts falling due after more than one year	17	8,569,981	6,119,828
Provisions			
Taxation including deferred tax	19	<u>298,242</u>	<u>355,967</u>
Net liabilities		<u>(4,025,163)</u>	<u>(5,435,896)</u>
Capital and reserves			
Called up share capital	23	9,000,100	9,000,100
Profit and loss account		<u>(13,025,263)</u>	<u>(14,435,996)</u>
Shareholders deficit		<u>(4,025,163)</u>	<u>(5,435,896)</u>

These financial statements were approved by the board of directors and authorised for issue on 16th May 2023, and are signed on behalf of the board by:



CW Clements
Director

Company registration number: NI633135

The notes on pages 14 to 25 form part of these financial statements.

LF Fasthouse Ltd
Statement of Cash Flows
Year ended 31st December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,410,733	(419,414)
<i>Adjustments for:</i>		
Depreciation of tangible assets	689,705	707,520
Government grant income	–	(107,853)
Other interest receivable and similar income	(621)	–
Interest payable and similar expenses	386,857	314,376
Loss on disposal of tangible assets	–	1,001
Tax on profit/(loss)	(124,604)	(243,539)
Accrued (income)/expenses	(164,821)	1,177,534
<i>Changes in:</i>		
Stocks	870,717	(839,998)
Trade and other debtors	187,986	(1,125,809)
Trade and other creditors	(4,349,244)	(673,157)
Cash generated from operations	(1,093,292)	(1,209,339)
Interest paid	(386,857)	(314,376)
Interest received	621	–
Tax received	66,879	181,798
Net cash used in operating activities	<u>(1,412,649)</u>	<u>(1,341,917)</u>
Cash flows from investing activities		
Purchase of tangible assets	(427,987)	(102,138)
Proceeds from sale of tangible assets	–	1,500
Net cash used in investing activities	<u>(427,987)</u>	<u>(100,638)</u>
Cash flows from financing activities		
Proceeds from loans from participating interests	3,000,000	2,250,000
Government grant income	–	107,853
Payments of finance lease liabilities	(560,612)	(645,073)
Net cash from financing activities	<u>2,439,388</u>	<u>1,712,780</u>
Net increase in cash and cash equivalents	598,752	270,225
Cash and cash equivalents at beginning of year	2,451,366	2,181,141
Cash and cash equivalents at end of year	<u>3,050,118</u>	<u>2,451,366</u>

The notes on pages 14 to 25 form part of these financial statements.

LF Fasthouse Ltd

Notes to the Financial Statements

Year ended 31st December 2022

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Lagan House, 19 Clarendon Road, Belfast, Co.Antrim, BT1 3BG, Northern Ireland.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006. They are prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company made a profit for the financial year of £1,410,733 (2021 - loss of £419,414) and has net liabilities of £4,025,163 (2021: £5,435,896).

The directors are confident that the company can trade profitably in the future. The company has minimal bank debt with limited exposure to outside finance and continues to have the support of its ultimate shareholder and associated interests.

This is the basis upon which the directors have adopted the going concern basis in the preparation of these financial statements.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements 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.

(i) Estimation of useful life

The useful economic life used to depreciate tangible fixed assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

(ii) Estimation of residual value

The residual value of an asset is the estimated fair value of that asset at the end of its' useful economic life and therefore is also dependent upon the estimation of that life span.

Historically, changes to the useful economic life and residual values have not had a material impact on the depreciation amount charged to the profit and loss.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	- 25%-33% straight line
Plant & machinery	- 10%-33.33% straight line
Motor vehicles	- 33.33% straight line
Equipment	- 33.33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Stock and work in progress

Stocks and work in progress are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Debtors and creditors receivable / payable within one year

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

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are 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 are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

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

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

4. Turnover

Turnover arises from:

	2022 £	2021 £
Sale of goods	<u>24,903,979</u>	<u>18,398,453</u>

The whole of the turnover is attributable to the principal activity of the company. No further analysis of turnover is present as the directors believe that to disclose such information would be seriously prejudicial to the interests of the company.

5. Other operating income

	2022 £	2021 £
Government grant income	–	107,853
Other operating income	<u>19,114</u>	<u>52,050</u>
	<u>19,114</u>	<u>159,903</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022 £	2021 £
Depreciation of tangible assets	689,705	707,520
Loss on disposal of tangible assets	–	1,001
Impairment of trade debtors	77,890	60,081
Foreign exchange differences	<u>(71,363)</u>	<u>(118,860)</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>9,500</u>	<u>9,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022 No.	2021 No.
Production staff	<u>137</u>	<u>121</u>

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022 £	2021 £
Wages and salaries	4,269,679	3,458,092
Social security costs	402,986	321,011
Other pension costs	199,586	166,914
	<u>4,872,251</u>	<u>3,946,017</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022 £	2021 £
Remuneration	355,462	278,224
Company contributions to defined contribution pension plans	25,090	13,644
	<u>380,552</u>	<u>291,868</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022 £	2021 £
Aggregate remuneration	211,643	162,855
Company contributions to defined contribution pension plans	13,231	8,465
	<u>224,874</u>	<u>171,320</u>

10. Other interest receivable and similar income

	2022 £	2021 £
Interest on cash and cash equivalents	<u>621</u>	<u>—</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Interest on debenture loans	329,685	249,075
Interest on banks loans and overdrafts	2,779	—
Interest on obligations under finance leases and hire purchase contracts	54,393	65,301
	<u>386,857</u>	<u>314,376</u>

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

12. Tax on profit/(loss)

Major components of tax income

	2022 £	2021 £
Current tax:		
Adjustments in respect of prior periods	(66,879)	(181,798)
Deferred tax:		
Origination and reversal of timing differences	(57,725)	(61,741)
Tax on profit/(loss)	(124,604)	(243,539)

Reconciliation of tax income

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit/(loss) on ordinary activities before taxation	1,286,129	(662,953)
Profit/(loss) on ordinary activities by rate of tax	244,365	(125,961)
Adjustment to tax charge in respect of prior periods	(66,879)	(181,798)
Effect of expenses not deductible for tax purposes	132,027	155,919
Effect of capital allowances and depreciation	(123,769)	(71,114)
Utilisation of tax losses	(252,623)	–
Unused tax losses	–	41,156
Deferred tax	(57,725)	(61,741)
Tax on profit/(loss)	(124,604)	(243,539)

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

13. Tangible assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1st January 2022	676,149	5,080,568	95,832	260,663	6,113,212
Additions	31,596	363,155	10,000	23,236	427,987
At 31st December 2022	707,745	5,443,723	105,832	283,899	6,541,199
Depreciation					
At 1st January 2022	670,553	1,968,705	86,609	223,156	2,949,023
Charge for the year	6,946	652,020	12,000	18,739	689,705
At 31st December 2022	677,499	2,620,725	98,609	241,895	3,638,728
Carrying amount					
At 31st December 2022	30,246	2,822,998	7,223	42,004	2,902,471
At 31st December 2021	5,596	3,111,863	9,223	37,507	3,164,189

14. Stocks

	2022 £	2021 £
Stock and work in progress	956,639	1,827,356

15. Debtors

	2022 £	2021 £
Trade debtors	1,506,662	1,582,639
Amounts owed by related parties	112,336	224,708
Prepayments and accrued income	1,201,519	1,068,765
Other debtors	81,305	213,696
	2,901,822	3,089,808

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	699,630	658,151
Accruals and deferred income	1,198,427	1,363,248
Social security and other taxes	109,277	—
Obligations under finance leases and hire purchase contracts	549,862	560,627
Other creditors	2,410,794	6,910,794
	<u>4,967,990</u>	<u>9,492,820</u>

Other creditors constitute shareholder's loans. Interest in respect of the shareholder's loans has been waived.

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

	2022 £	2021 £
Amounts owed to related parties	8,000,000	5,000,000
Obligations under finance leases and hire purchase contracts	569,981	1,119,828
	<u>8,569,981</u>	<u>6,119,828</u>

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022 £	2021 £
Not later than 1 year	549,862	560,627
Later than 1 year and not later than 5 years	569,981	1,119,828
	<u>1,119,843</u>	<u>1,680,455</u>

19. Provisions

	Deferred tax (note 20) £
At 1st January 2022	355,967
Unused amounts reversed	(57,725)
At 31st December 2022	<u>298,242</u>

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022 £	2021 £
Included in provisions (note 19)	<u>298,242</u>	<u>355,967</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022 £	2021 £
Accelerated capital allowances	<u>298,242</u>	<u>355,967</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £199,586 (2021: £166,914).

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022 £	2021 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>—</u>	<u>107,853</u>

23. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,000,100</u>	<u>4,000,100</u>	4,000,100	4,000,100
Preference shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>9,000,100</u>	<u>9,000,100</u>	<u>9,000,100</u>	<u>9,000,100</u>

LF Fasthouse Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

24. Analysis of changes in net debt

	At 1 Jan 2022 £	Cash flows £	At 31 Dec 2022 £
Cash at bank and in hand	2,451,366	598,752	3,050,118
Debt due within one year	(560,627)	10,765	(549,862)
Debt due after one year	(6,119,828)	(2,450,153)	(8,569,981)
	<u>(4,229,089)</u>	<u>(1,840,636)</u>	<u>(6,069,725)</u>

25. Related party transactions

Related party loans

At the year end (included in Note 15), there were amounts owed to the company by related parties as follows:-

	2022 £	2021 £
Lagan Homes Limited	—	3,370
Lagan Homes (Rathgael) Limited	112,336	72,941
Lagan Homes (Woodbrook) Limited	—	75,123
Lagan Homes (Lisburn) Limited	—	73,274
	<u>112,336</u>	<u>224,708</u>

At the year end (included in Note 16 and 17), there were amounts due by the company to related parties as follows:-

	2022 £	2021 £
Lagan Group Limited	<u>8,000,000</u>	<u>5,000,000</u>

The above are deemed to be related parties as a director, JPK Lagan, had a controlling interest in each of the companies named at the relevant statement of financial position date.

At the year end there is a balance of £2,410,794 (2021 - £6,910,794) owing to JPK Lagan (director and majority shareholder). See narrative at Note 15 for further details.

26. Security

AIB Group (UK) PLC holds a fixed and floating charge over all of the company's assets.

27. Control

The company is controlled by JPK Lagan who owns 99% of the issued share capital.

Company Number: NI633135

Company Name:

LF FASTHOUSE LTD

Administrative Removal:

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31/12/2022 ON 18/10/2023.**