Company Registration No. SC271316 (Scotland)

FTV PROCLAD UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2021

FTV PROCLAD UK LIMITED

COMPANY INFORMATION

Directors	Mr Y Mohsen Mr M Penman Mr A Rottach
Company number	SC271316
Registered office	Viewfield Industrial Estate Viewfield Road Glenrothes Fife United Kingdom KY6 2RD
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

FTV PROCLAD UK LIMITED

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FTV PROCLAD UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present their annual report and financial statements for the year ended 30 November 2021.

Principal activities
The principal activity of the company continued to be the provision of specialist engineering services to the marine and offshore sector.

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

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

Mr Y Mohsen
Mr M Penman
Mr A Rottach

Auditor
Johnston Carmichael LLP were appointed as auditor to the company 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.

Corporate governance
The Company will seek to minimise the adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has applied with all applicable legislation and regulations.

Statement of directors' responsibilities
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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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.

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 company's auditor 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 company's auditor is aware of that information.

Going concern
The directors have prepared the financial statements on a going concern basis. In making their assessment on the company's ability to continue as a going concern, the directors have prepared detailed cashflow projections out to January 2024. The assumptions applied in the forecast are subject to estimation uncertainty with the areas within the forecast containing higher levels of subjectivity being price, costs and supply chain risks. The directors consider the existing group wide arrangement in place with the company's lenders will ensure that the company has access to sufficient cash resources to support its working capital requirements for a minimum period of 12 months from the date of authorising the financial statements.

In addition, the directors are confident that demand for the company's goods will increase as energy security drives investment in oil and gas markets. The order book for the company is as strong as it been for a number of years and the directors are comfortable the existing funding facilities are sufficient to manage working capital requirements. However, as the projections are an estimate, the directors have obtained a letter of parental support from the ultimate parent entity of the company, National Industries Group Holdings that confirms financial support will be provided to support the company meet its working capital requirements where needed for a minimum period of 12 months from the date of approving the financial statements.

Events after the reporting period
The company is in the final stages of completing a balance sheet restructure and expects this process to be complete during December 2022. The restructure will have a positive impact on the balance sheet and net assets of the business.

On behalf of the board

Mr M Penman
Director

3 January 2023

FTV PROCLAD UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FTV PROCLAD UK LIMITED

Opinion

We have audited the financial statements of FTV Proclad UK Limited (the 'company') for the year ended 30 November 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Pract ce).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 101 and United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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

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 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, 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 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.

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, 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. The most relevant frameworks we identified include:

- FRS 101
- Companies Act 2006
- VAT legislation
- Corporation Tax legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of board minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FTV PROCLAD UK LIMITED

Extent to which the audit is considered capable of detecting irregularities, including fraud (cont'd)

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Agreement of the financial statement disclosures to supporting documentation.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

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

James Hamilton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

9 January 2023

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

FTV PROCLAD UK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	2021 £	2020 £
Revenue	3	2,878,973	3,248,223
Cost of sales		(2,932,058)	(2,871,293)
Gross (loss)/profit		(53,085)	376,930
Distribution costs		(199,612)	(179,142)
Administrative expenses		(206,893)	(220,001)
Other operating income		341,973	271,572
Profit/(loss) on disposal of operations	4	-	(26,067)
Operating (loss)/profit	5	(117,617)	223,292
Finance costs	8	(15,450)	(18,950)
(Loss)/profit before taxation		(133,067)	204,342
Tax on (loss)/profit	9	-	-
(Loss)/profit and total comprehensive income for the financial year		(133,067)	204,342

All activities of the company are classified as continuing.

FTV PROCLAD UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Intangible assets - goodwill	**10**		1,435,197		1,435,015
Property, plant and equipment	**11**		301,112		438,353
			1,736,309		1,873,368
Current assets					
Inventories	**12**	228,277		386,455	
Trade and other receivables	**13**	3,295,384		2,093,970	
Cash and cash equivalents		104,136		821,609	
		3,627,797		3,302,034	
Current liabilities	**14**	(1,343,965)		(1,022,194)	
Net current assets			2,283,832		2,279,840
Net assets			4,020,141		4,153,208
Equity					
Called up share capital	**21**		2		2
Retained earnings			4,020,139		4,153,206
Total equity			4,020,141		4,153,208

The financial statements were approved by the board of directors and authorised for issue on 3 January 2023 and are signed on its behalf by:

Mr M Penman
Director

Company Registration No. SC271316

FTV PROCLAD UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 December 2019	2	3,948,864	3,948,866
Year ended 30 November 2020:			
Profit and total comprehensive income for the year	-	204,342	204,342
Balance at 30 November 2020	2	4,153,206	4,153,208
Year ended 30 November 2021:			
Loss and total comprehensive income for the year	-	(133,067)	(133,067)
Balance at 30 November 2021	2	4,020,139	4,020,141

1 Accounting policies

Company information

FTV Proclad UK Limited is a private company limited by shares incorporated in Scotland. The registered office is Viewfield Industrial Estate, Viewfield Road, Glenrothes, Fife, United Kingdom, KY6 2RD. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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. unless otherwise specified in these accounting policies. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- the requirement of IAS 7 Statement of Cash Flows;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a) (iv) of IAS 1; and
  (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where required, equivalent disclosures are given in the group accounts of Proclad Group Limited. The group accounts of Proclad Group Limited are available to the public and can be obtained as set out in note 23.

1 Accounting policies **(Continued)**

1.2 Going concern

The directors have prepared the financial statements on a going concern basis. In making their assessment on the company's ability to continue as a going concern, the directors have prepared detailed cashflow projections out to January 2024. The assumptions applied in the forecast are subject to estimation uncertainty with the areas within the forecast containing higher levels of subjectivity being price, costs and supply chain risks. The directors consider the existing group wide arrangement in place with the company's lenders will ensure that the company has access to sufficient cash resources to support its working capital requirements for a minimum period of 12 months from the date of authorising the financial statements.

In addition, the directors are confident that demand for the company's goods will increase as energy security drives investment in oil and gas markets. The order book for the company is as strong as it been for a number of years and the directors are comfortable the existing funding facilities are sufficient to manage working capital requirements. However, as the projections are an estimate, the directors have obtained a letter of parental support from the ultimate parent entity of the company, National Industries Group Holdings that confirms financial support will be provided to support the company meet its working capital requirements where needed for a minimum period of 12 months from the date of approving the financial statements.

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Revenue is recognised at a point in time, once performance obligations have been met and it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer and recognised revenue at this point in time;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probably that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is recognised in line with the contract with the customer and is recognised either when goods are delivered or when goods are dispatched as this is the Group's only performance obligation under the contracts. Certain contracts are made up of numerous items and revenue is recognised as each line item is delivered or dispatched in line with the purchase order received from the customer as they have standalone parts, quantities, sizes and prices.

1 Accounting policies **(Continued)**

1.4 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset and is not amortised. Instead, it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and in the opinion of the directors, would be misleading.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Right of Use Assets: Property	Over the period of the lease
Plant and equipment	5 to 15 years
Motor vehicles	3 to 5 years

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 income statement.

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

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company 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.

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.

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 Accounting policies **(Continued)**

1.7 Inventories

Inventories 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 inventories to their present location and condition.

Cost is applied in line with the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

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

The impairment model is based on the premise of providing for expected losses. Expected credit losses are measured through a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The company has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1 Accounting policies **(Continued)**

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

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

1.12 Taxation

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

1.13 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 inventories or non-current 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as 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 separate from the Company in independently administrated funds.

1 Accounting policies **(Continued)**

1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants are presented as part of the income statement in the periods in which the expenditure is recognised.

1.17 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.

1.18 Research and development tax credits

R&D tax credits are recognised in accordance with FRS 101 and are treated as either a corporation tax reduction or a tax credit. They are disclosed as other operating income in the financial statements.

1 Accounting policies **(Continued)**

1.19 Finance costs

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

1.20 Prior period reclassifiction

The deferred tax asset of £116,237 disclosed in the prior year has been reclassified from current debtors to non-current debtors. This is in line with IFRS accounting standards and has resulted in a decrease in the net current asset position previously reported by the noted amount.

2 Critical accounting estimates and judgements

In the application of the company'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Key sources of estimation uncertainty

Deferred tax

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the underlying tax losses or deductible temporary differences can be utilised. Based on an assessment of future market and trading conditions and the effects of such management judge that there will be sufficient profits to recognise the deferred tax amount shown in the notes.

Impairment of goodwill

Goodwill is tested at least annually for impairment in accordance with the accounting policy for goodwill set out in the notes, The recoverable amounts of cash generating units are determined based on value in use calculations. These calculations require the use of estimates including projected future cash flows and other future events.

Stock

Management's estimate of the inventory provision required takes into account a number of judgements in respect of the condition of the inventory, the potential for future sales, the level of inventory holding compared to the projected future sales and assessment of the potential for alternative use of the inventory together with market-driven changes that may reduce future selling prices.

2 Critical accounting estimates and judgements **(Continued)**

Impairment of loans and receivables

In line with IFRS, the group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days due past.

Intercompany balances are assessed for impairment by first considering the liquid resource available to pay its balance. If this indicates impairment there is a further assessment into how the company could realise assets in order to repay its debt.

3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Sale of goods	2,878,973	3,248,223

	2021	2020
	£	£
Revenue analysed by geographical market		
United Kingdom	1,533,418	1,373,432
Rest of Europe	228,542	472,404
Rest of the world	1,117,013	1,402,387
	2,878,973	3,248,223

	2021	2020
	£	£
Other significant revenue		
Grants received	168,928	18,619
R&D tax credit	173,045	252,953

Included in other income above is furlough grants of £168,928 (£2020:18,619) and R&D tax credits of £173,045 (2020: £252,953).

4 Exceptional items

	2021	2020
	£	£
Expenditure		
Restructuring costs	-	26,067

5 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	6,604	-
Government grants	(168,928)	(18,619)
Fees payable to the company's auditor for the audit of the company's financial statements	18,124	14,285
Depreciation of property, plant and equipment	149,056	175,927
(Profit)/loss on disposal of intangible assets	-	1,784
Cost of inventories recognised as an expense	1,092,034	1,162,269

6 Employees

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

	2021	2020
	Number	Number
Production staff	34	36
Administrative staff	10	12
Total	44	48

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,298,548	1,358,745
Social security costs	125,404	126,796
Pension costs	65,438	60,209
	1,489,390	1,545,750

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	17,893	19,562
Company pension contributions to defined contribution schemes	6,170	1,287
	24,063	20,849

FTV PROCLAD UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

8 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	7,926	11,355
Interest on other financial liabilities:		
Interest on lease liabilities	7,524	7,595
Total interest expense	15,450	18,950

9 Taxation

	2021	2020
	£	£

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2021	2020
	£	£
(Loss)/profit before taxation	(133,067)	204,342
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(25,283)	38,825
Effect of expenses not deductible in determining taxable profit	(8,102)	(5,473)
Unutilised tax losses carried forward	61,362	6,774
Depreciation on assets not qualifying for tax allowances	4,966	7,935
Research and development tax credit	(32,878)	(48,061)
Other timing differences	(65)	-
Taxation charge for the year	-	-

10 Intangible fixed assets

	Goodwill
	£
Cost	
At 30 November 2020	2,649,255
At 30 November 2021	2,649,255
Amortisation and impairment	
At 30 November 2020	1,214,240
At 30 November 2021	1,214,058
Carrying amount	
At 30 November 2021	1,435,197
At 30 November 2020	1,435,015

10 Intangible fixed assets **(Continued)**

Goodwill arose on the purchase of the nest assets from Forth Tool and Valve Limited in 2004.

The recoverable amount has been determined based on a value in use calculation using cashflow projections based on financial budgets approved by the board covering a five year period.

The key assumptions used in the calculations are gross margins and discount rates.

Gross margins are based on management's experience of achieved values in previous years and forward expectations.

Management's assumptions, which are based on past performance and knowledge of the industry, are that revenue and profit margins will increase to 2023. Management do not believe that any reasonably possible change in the assumptions used in calculating the value in use would result in the recoverable amount of goodwill falling below the carrying value and impairment becoming necessary.

Management has sensitised the profit and cashflow forecast relating to FTV Proclad (UK) and the profit forecast would need to fall by 24% to trigger an impairment charge. The discount rate would need to increase to circa 22% to trigger an impairment charge.

11 Property, plant and equipment

	Right of Use Assets: Property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 30 November 2020	238,612	1,740,840	46,230	2,025,682
Additions	3,404	8,411	-	11,815
At 30 November 2021	242,016	1,749,251	46,230	2,037,497
Accumulated depreciation and impairment				
At 30 November 2020	127,108	1,419,004	41,217	1,587,329
Charge for the year	57,465	87,831	3,760	149,056
At 30 November 2021	184,573	1,506,835	44,977	1,736,385
Carrying amount				
At 30 November 2021	57,443	242,416	1,253	301,112
At 30 November 2020	111,504	321,836	5,013	438,353

12 Inventories

	2021	2020
	£	£
Raw materials	119,646	206,049
Work in progress	108,631	180,406
	228,277	386,455

In 2021, a total of £1,092,034 (2020: £1,162,269) of stocks was included in profit or loss as an expense. The above includes an amount of £nil for write down of stocks (2020: £nil).

13 Trade and other receivables

	Current		Non-current	
	2021	2020	2021	2020 as restated
	£	£	£	£
Trade receivables	922,179	694,906	-	-
Provision for bad and doubtful debts	(273,128)	(247,591)	-	-
	649,051	447,315	-	-
Amounts owed by fellow group undertakings	2,313,598	1,478,312	-	-
Other receivables	173,002	-	-	-
Prepayments and accrued income	43,496	52,106	-	-
	3,179,147	1,977,733	-	-
Deferred tax asset	-	-	116,237	116,237
	3,179,147	1,977,733	116,237	116,237

There are no predetermined receivable dates, security or interest payment arrangements applying to amounts owed by group undertakings. Therefore, the amounts are considered to be repayable on demand.

14 Liabilities

	Notes	2021	2020
		£	£
Borrowings	15	23,061	116,199
Trade and other payables	16	639,409	472,783
Taxation and social security		514,270	306,392
Lease liabilities	17	72,225	126,820
Deferred income	19	95,000	-
		1,343,965	1,022,194

FTV PROCLAD UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

15 Borrowings

	2021	2020
	£	£
Borrowings held at amortised cost:		
Bank loans	23,061	116,199

The amounts due on bank overdrafts are secured by a floating charge over the assets of this and other group undertakings within the UK where there is a cross guarantee.

16 Trade and other payables

	2021	2020
	£	£
Trade payables	313,222	258,016
Amounts owed to fellow group undertakings	106,523	73,448
Accruals and deferred income	137,488	31,093
Other payables	82,176	110,226
	639,409	472,783

Amounts owed to group undertakings are trading balances that do not bear interest, are unsecured and repayable on normal commercial terms. Finance lease obligations are secured against the asset to which they relate.

17 Lease liabilities

	2021	2020
Maturity analysis	£	£
Within one year	(72,225)	-

Lease liabilities are classified based on the amourts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	72,225	126,820

	2021	2020
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	7,524	7,595

Other leasing information is included in note .

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Fixed asset timing differences	Tax losses	Other timing differences	Total
	£	£	£	£
Deferred tax asset at 1 December 2019 and 30 November 2020	60,453	54,966	818	116,237
Deferred tax asset at 1 December 2020 and 30 November 2021	60,453	54,966	818	116,237

19 Deferred revenue

	2021	2020
	£	£
Arising from Sale of goods	95,000	-

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	65,438	60,209

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

22 Events after the reporting date

The company is in the final stages of completing a balance sheet restructure and expects this process to be complete during December 2022. The restructure will have a positive impact on the balance sheet and net assets of the business.

23 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. There were no other related party transactions during the year ended 30 November 2021.

24 Controlling party

24 Controlling party **(Continued)**

The immediate parent undertaking is Proclad Group Limited. The ultimate parent undertaking and controlling party is National Industries Group (Holding) SAK. This company is registered in Kuwait and copies of the financial statements which include the results of the company are available from PO Box, 13005 Safat, Kuwait.