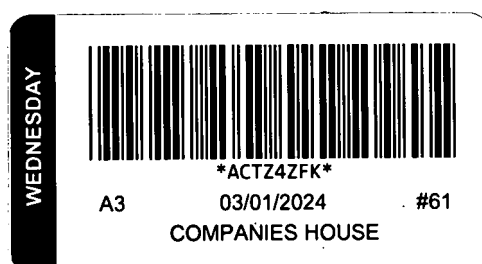


Alucraft Systems Limited

Report and Financial Statements

31 December 2022



Office and Professional Advisers

Directors

J McHugh
A J Ducker
A Williamson
J G Rawlings

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers

Lloyds Bank
17 George Street
Tamworth
Staffs
B79 7LW

Registered Office

4 Ninian Park
Ninian Way
Tamworth
Staffordshire
B77 5ES

Registered Number

03667231

Registered No. 03667231

Strategic report

The Directors present their Strategic Report and the financial statements for the year ended 31 December 2022.

Principal activities and business review

The principal activity of the company during the year was that of major commercial glazing contractors.

The company uses a range of performance measures to monitor and manage the business effectively, the most significant of which are the key performance indicators (KPI's). The KPI's for the company are turnover, gross profit margin and profit before taxation. These KPI's indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered.

The KPI's for the year to 31 December 2022 are as follows:

	2022	2021
	£	£
Turnover	18,685,962	14,872,765
(Loss)/profit before taxation	(5,745,994)	(2,427,895)

The directors are disappointed to report the company's financial position at the year end, which shows net current liabilities of £7,600,873 and shareholders' deficit of £7,287,131.

The results for 2022 show an increase in turnover compared to 2021 but have been impacted by recovery issues on a discrete number of contracts. The company has a substantial order book for 2023 and 2024 and the Directors are confident of a return to profitability in 2023.

Principal risks and uncertainties

The key risk present in the construction industry is current rate of inflation and the general economic outlook. The Company secures supply chain in conjunction with new contract wins in order to hedge against potential future price increases.

Other risks are exposure to liquidity, credit and interest, which arise in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below:

The company's strategy is to follow an approved risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Financial Instrument risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital funding exists and monitor the management of risk at a business unit level.

The company's principal financial instruments comprise cash, trade debtors and creditors and certain other debtors and creditors. The main risks associated with these financial assets and liabilities are set out below.

Strategic report

Liquidity risk

The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

Credit risk

The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the Board only deposits funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

Interest rate risk

The company is exposed to interest rate risk on its cash balances. The Board monitors interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

This report was approved by the board of directors and signed on behalf of the board by:



Andy Ducker
Director

Date: 21st December, 2023

Registered No. 03667231

Director's report

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

Results and dividends

The loss for the year after taxation amounted to £6,107,112 (2021 – loss of £1,859,899). No dividends were paid during the year (2021 – £nil).

Principal activity and review of the business

The principal activity of the company was that of major commercial glazing contractors. The directors consider the results for this year to be disappointing.

Directors

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

J McHugh
A J Ducker
A Williamson
J G Rawlings

Events after the end of the reporting period

There have been no events between the reporting period and the date on which the financial statements were approved by the directors of the Company, which would require adjustment to the financial statements, or any additional disclosures.

Going concern

The company has net current liabilities of £7,600,873 (2021: net current liabilities of £1,597,062) at year end.

The financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a period to 31 December 2024. The Directors have determined based on recent trading and projected cash flows of The Clarison Group ("the Group"), of which the Company is a part, that the Group is able to meet its liabilities for the period to 31 December 2024. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the current economic conditions.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information in the strategic report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic Report and Director's Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2006.

Director's report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By behalf of the Board



Andy Ducker

Director

Date:

21st December, 2023

Directors' Responsibilities Statement

The directors are responsible for preparing the Director's 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 year.

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

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting Standards, including the FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report

to the members of Alucraft Systems Limited

Opinion

We have audited the financial statements of Alucraft Systems Limited for the year ended 31 December 2022 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 17, 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 company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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 till 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

to the members of Alucraft Systems Limited

Other information (continued)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent auditors' report

to the members of Alucraft Systems Limited

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including in relation to health and safety.
- We understood how the company is complying with those frameworks by making enquires of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquired through our review of Board minutes and correspondence with relevant authorities and noted there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by utilising internal and external information to perform a fraud risk assessment. We considered the risk of fraud through management override and, in response, we incorporated testing manual journals and designed procedures to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the company regarding compliance with laws and regulations.

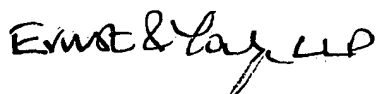
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report

to the members of Alucraft Systems Limited

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.

Handwritten signature of Michael Kidd in black ink.

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 21 December 2023

Income Statement

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover		18,685,962	14,872,765
Cost of sales		(16,106,030)	(12,675,457)
Gross margin		2,579,932	2,197,308
Distribution costs		(993)	(405)
Administrative expenses	3	(5,034,382)	(4,724,561)
Other operating income	4	-	99,763
Exceptional costs	3	(3,223,113)	-
Operating (loss)/profit		(5,678,556)	(2,427,895)
Interest payable and similar expenses	7	(67,438)	-
(Loss)/profit before taxation		(5,745,994)	(2,427,895)
Tax credit/(charge)	8	(344,203)	567,996
(Loss)/profit for the financial year and total comprehensive (expense)/income		(6,090,197)	(1,859,899)

All the activities of the company are from continuing operations.

There were no recognised gains and losses for 2022 other than those included in the profit and loss account.

The notes on pages 14 to 22 form part of these financial statements.

Statement of Financial Position

at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	313,742	417,043
Current assets			
Stocks	10	59,069	60,435
Debtors	11	5,245,277	4,210,788
Cash at bank and in hand		<u>213,114</u>	<u>346,912</u>
		5,517,460	4,618,135
Creditors: amounts falling due within one year	12	<u>(13,101,418)</u>	<u>(6,215,197)</u>
Net current (liabilities)/ assets		<u>(7,583,858)</u>	<u>(1,597,062)</u>
Net (liabilities)/assets		<u>(7,270,216)</u>	<u>(1,180,019)</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>(7,270,316)</u>	<u>(1,180,119)</u>
Shareholders deficit		<u>(7,270,216)</u>	<u>(1,180,019)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Andy Ducker

Director

Date: 21st December, 2023

Company registration number: 3667231

The notes on pages 14 to 22 form part of these financial statements.

Statement of Changes in Equity

year ended 31 December 2022

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 January 2021	100	679,780	679,880
Profit for the financial year	-	(1,859,899)	(1,859,899)
At 31 December 2021	100	(1,180,119)	(1,180,019)
Loss for the financial year	-	(6,090,197)	(6,090,197)
At 31 December 2022	100	(7,270,316)	(7,270,216)

Share capital

The balance classified as called up share capital includes the nominal value of issued company's share capital.

Profit and loss account

The company's profit and loss account include the accumulated profits and losses of the company less any dividends declared.

The notes on pages 14 to 22 form part of these financial statements.

Notes to the financial statements

at 31 December 2022

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4 Ninian Park, Ninian Way, Tamworth, Staffordshire, B77 SES.

2. Accounting policies

Basis of preparation

The company's financial statements have been prepared in compliance with United Kingdom Generally Accepted Accounting Practices, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) as it applied to the financial statements of the company for the years ended 31 December 2022 and 31 December 2021.

The company meets the definition of a qualifying entity under FRS 102 since it is a wholly owned subsidiary of The Clarison Group Limited (previously known as Hamsard 3536 Limited) which prepares group financial statements which include the company. Its shareholders have been notified about the use of the disclosure exemptions available under the Standard and they have no objections. The company has taken advantage of the following disclosure exemptions:

- The requirements of section 7 *Statement of Cash Flows* and section 3 *Financial Statement Presentation* paragraph 3.17(d) to prepare a statement of cash flows.
- The requirement of section 33 *Related Party Disclosures* paragraph 33.7 to disclose key management compensation.

The group financial statements of The Clarison Group Limited which include the disclosures above are available from its registered office: Highlands House Basingstoke Road, Spencers Wood, Reading, Berkshire, England, RG7 1NT.

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest £.

Going concern

The company has net current liabilities of £7,600,873 (2021: net current liabilities of £1,597,062) at year end.

The financial statements have been prepared on the going concern basis. The parent company, Clarison Group Limited, has provided a letter of support for a period to 31 December 2024. The Directors have determined based on recent trading and projected cash flows of The Clarison Group (the Group), of which the Company is a part, that the Group is able to meet its liabilities for the period to 31 December 2024. This assessment considered future cashflows and uncertainties arising from the key risks impacting the Group including the current economic conditions.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcomes could differ from the estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts in the financial statements.

Notes to the financial statements

at 31 December 2022

2. Accounting policies (continued)

Work in progress

Work in progress is measured on the cost plus basis based on budgeted figures for revenue and costs adjusted as necessary for actual work completed on site.

Revenue recognition

Turnover represents the total amount receivable by the company in the ordinary course of business for goods supplied and services rendered excluding value added tax, adjusted for work in progress.

Income tax

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

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.

Notes to the financial statements

at 31 December 2022

2. Accounting policies (continued)

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	10% straight line
Plant and Machinery	20% straight line
Fixtures and Fittings	15% reducing balance
Motor Vehicles	25% reducing balance
Office Equipment	15% reducing balance

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.

Stocks

Stocks 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.

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.

Notes to the financial statements

at 31 December 2022

2. Accounting policies (continued)

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the reporting period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

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**(i) Financial assets*

Basic financial assets, including trade and other debtors and cash and bank balances, 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.

Such assets are subsequently measured at amortised cost.

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 the statement of income immediately.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

at 31 December 2022

3. Operating (loss)/profit

This is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	119,829	115,172
Auditors' remuneration - audit	14,265	26,165
Operating lease payments	35,803	126,606
Exceptional costs	<u>3,223,113</u>	<u>-</u>

At 31 December 2022 the company had recognised receivables for amounts owed on four problematic contracts in line with the work performed at the year end. However, subsequent to the year end the directors now consider the amounts owed by the contract counterparties to be unrecoverable due to challenging trading conditions experienced by the counterparties during the COVID-19 pandemic.

4. Other operating income

	2022	2021
	£	£
<i>Furlough grants:</i>		
Grants received	-	99,763
	<u>-</u>	<u>99,763</u>

5. Directors' remuneration

A number of directors are remunerated by the parent and related undertakings. The amounts of that remuneration which relate to services to the company are considered negligible.

6. Staff costs

	2022	2021
	£	£
Wages and salaries	3,984,326	3,594,415
Social security costs	460,379	399,716
Other pension costs	112,810	88,510
	<u>4,557,515</u>	<u>4,082,642</u>

Other pension costs of £82,747 (2021 – £88,510) are in respect of the defined contribution scheme.

The average monthly number of employees during the year was made up as follows:

	2022	2021
	No.	No.
Employees	<u>82</u>	<u>83</u>

Notes to the financial statements

at 31 December 2022

7. Interest payable and similar charges

	2022	2021
	£	£
Other interest payable	67,438	-

8. Tax

(a) Tax on (loss)/profit

The tax charge is made up as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax on the (loss)/profit for the year	-	(104,559)
Adjustment in respect of prior years	(16,915)	(101,407)
Total current tax	-	(205,966)
Deferred tax:		
Origination and reversal of timing differences	274,438	(350,613)
Adjustment in respect of previous periods	15	75,251
Effect of changes in tax rates	86,665	(86,668)
Total deferred tax (note 8(c))	361,118	(362,030)
Tax on (loss)/profit	344,203	(567,996)

(b) Factors affecting current tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022	2021
	£	£
(Loss)/profit before tax	(5,745,994)	(2,427,895)
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	(1,091,739)	(461,300)
Effects of:		
Expenses not deductible for tax purposes	2,113	8,335
Income not taxable	(309)	(2,207)
Effects of group relief / other reliefs	8,360	-
Unrecognised Deferred tax	1,356,015	-
Adjustment in respect of previous periods	(16,900)	-
Roundings	15	(26,156)
Tax rate changes	86,665	(86,668)
Total tax for the year (note 8(a))	344,203	(567,996)

Notes to the financial statements

at 31 December 2022

Tax (Continued)

(c) Deferred tax (asset)/liability

	£
Movement in the year	
At 1 January 2022	(361,120)
Adjustment in respect of previous periods	15
Deferred tax in the profit and loss account	361,103
Other - rounding	2
At 31 December 2022	-

(a) Factors that may affect future tax charges

On 3 March 2021, HM Treasury announced that the rate of corporation tax will increase to 25% for companies with effect from 1 April 2023. This rate change was substantially enacted in May 2021 and therefore the 25% rate has been used in calculating deferred tax at the balance sheet date.

9. Tangible assets

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
At 1 January 2022	61,270	430,762	93,472	24,995	184,637	795,136
Reclassification	-	-	-	-	-	-
Additions	-	-	11,105	-	5,422	16,527
Disposals	-	-	-	-	-	-
At 31 December 2022	61,270	430,762	104,577	24,995	190,059	811,663
Depreciation						
At 1 January 2022	35,769	208,535	62,286	8,853	62,649	378,092
Reclassification	-	-	-	-	-	-
Charge for the year	3,149	72,821	9,488	6,249	28,122	119,829
Disposals	-	-	-	-	-	-
At 31 December 2022	38,918	281,356	71,774	15,102	90,771	497,921
Carrying amount						
At 31 December 2022	22,351	149,406	32,802	9,894	99,289	313,742
At 31 December 2021	25,500	222,227	31,186	16,143	121,988	417,043

10. Stocks

	2022	2021
	£	£
Raw materials and consumables	59,069	60,435
	59,069	60,435

There is no significant difference between the replacement cost of stock and its carrying amount.

Notes to the financial statements

at 31 December 2022

11. Debtors

	2022	2021
	£	£
Trade debtors	435,685	166,630
Amounts owed by group undertakings	3,829	46,633
Corporation Tax	104,560	-
Amounts recoverable on contracts	2,972,702	3,338,314
Deferred tax asset	-	361,120
Prepayments and other debtors	1,728,501	298,091
	<u>5,245,277</u>	<u>4,210,788</u>

12. Creditors – Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	2,061,264	1,952,932
Amounts owed to group undertakings	4,011,199	1,119,280
Social security and other taxes	796,050	501,739
Wages control	2,917	-
Accruals and other creditors	6,229,988	2,641,246
	<u>13,101,418</u>	<u>6,215,197</u>

13. Called up share capital

	No	2022 £	No	2021 £
<i>Issued, called up and fully paid</i>				
Ordinary shares of £1 each	100	100	100	100

14. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	284,396	329,463
Later than 1 year and not later than 5 years	680,394	868,161
Later than 5 years	-	773,266
	<u>964,790</u>	<u>1,970,890</u>

Notes to the financial statements

at 31 December 2022

15. Contingencies

On 19 July 2018 a debenture was taken out by the parent company and fellow subsidiaries in favour of The Governor and Company of the Bank of Ireland. The debenture encompasses a fixed charge over the interests in leasehold land and buildings, present and future ancillary rights and compensation rights, all rights and claims to which the company may become entitled, all present and future rights, title, interest and benefit in and to the plant and equipment, uncalled capital, other contracts, material contracts, goodwill, any pension fund, book debts and investments. The debenture also encompasses a first floating charge over stock in trade, inventory and raw materials together with the whole of the company's undertaking and property, assets and rights whatsoever and wheresoever both present and future but not otherwise effectively already charged.

On 19 July 2018 a further debenture was taken out by the company in favour of The Governor and Company of the Bank of Ireland encompassing a fixed charge over the company's bank accounts.

On 13 March 2019 and 16 August 2019 further fixed charges and floating charges over all property and undertakings of the company were taken out by Elaghmore GP LLP and The Governor and Company of the Bank of Ireland.

16. Related party transactions

The company has taken advantage of the exemption available under section 33 of FRS 102 not to disclose related party transactions concerning wholly owned group companies, on the basis that its results are consolidated in the financial statements of its parent company.

17. Controlling party

The intermediate parent of the smallest group of undertakings to consolidate these financial statements is The Clarison Group Limited. The group financial statements of The Clarison Group Limited are available from its registered office: Highlands House, Basingstoke Road, Spencers Wood, Reading, Berkshire, RG7 1NT.

The company's ultimate parent undertaking and the parent undertaking of the largest group of undertakings to consolidate these financial statements is Elaghmore GP LLP, a company incorporated and registered in England.

The ultimate controlling party are the shareholders of Elaghmore GP LLP.

Management Information

year ended 31 December 2022

The following pages do not form part of the financial statements.

Detailed Income Statement

year ended 31 December 2022

	2022 £	2021 £
Turnover	18,685,962	14,872,765
Cost of sales		
Opening stock - finished goods	(60,435)	(69,920)
Purchases, consumables and equipment hire	(7,523,339)	(7,664,865)
Consultancy Fees	(198,650)	(198,526)
Bonds	(17,068)	-
Project specific management fees	(58,150)	-
Cost of jobs invoiced	(12,432)	-
Direct wages & Sub Contract Labour	(8,204,528)	(4,654,125)
Factory Employer Pension Contributions	(30,063)	(27,586)
	<u>16,104,665</u>	<u>(12,615,002)</u>
Closing stock - finished goods	<u>1,365</u>	<u>(60,435)</u>
	<u>(16,106,030)</u>	<u>(12,675,457)</u>
Gross Margin	2,579,932	2,197,308
Overheads		
Distribution Costs	(993)	(405)
Administrative expenses	(5,034,382)	(4,724,561)
Other operating income	-	99,763
Exceptional Costs	(3,223,113)	-
	<u>(8,258,488)</u>	<u>(4,599,110)</u>
Operating (loss)/profit	(5,678,556)	(2,427,895)
Interest payable and similar expenses	(67,438)	-
(Loss)/profit before taxation	<u>(5,745,994)</u>	<u>(2,427,895)</u>

Notes to the Detailed Income Statement

year ended 31 December 2022

	2022	2021
	£	£
Distribution costs		
Advertising	993	405
Administrative expenses		
Administrative staff salaries	3,556,553	3,331,672
Office Employer Pension Contributions	82,747	60,925
Rent	337,265	322,330
Rates and water	101,949	113,840
Light and heat	80,832	77,086
Insurance	170,903	151,005
General repairs and maintenance	113,324	131,275
Motor expenses	49,323	41,700
Travel and subsistence	166,239	159,089
Telephone & communications	19,428	20,138
Printing, stationery, postage and software	56,929	58,396
Staff training	7,231	12,685
Recruitment fees	38,175	73,708
Sundry expenses	16,090	18,212
Legal and professional fees (allowable)	21,154	831
Auditors remuneration	14,265	26,165
Depreciation of tangible assets	119,829	116,231
Bank charges	2,369	1,757
Office Equipment	4,067	2,615
Charitable Donations	114	100
General expenses	-	26,093
Foreign currency (gains)/losses	75,596	(21,291)
	(5,034,382)	(4,724,561)
Other operating income		
Furlough grants received	-	(99,763)
	-	-
Interest payable and similar expenses		
Interest on hire purchase and finance lease contracts	24,796	-