

Company registration number 04233669 (England and Wales)

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

COMPANY INFORMATION

Directors	Mr P J G Dickinson	{Appointed 2 May 2023}
	Mr J M Williams	{Appointed 2 May 2023}
Secretary	Mitie Company Secretarial Services Limited	
Company number	04233669	
Registered office	Level 12 The Shard 32 London Bridge Street London SE1 9SG	
Auditor	Saint & Co. Sterling House Wavell Drive Rosehill Carlisle CA1 2SA	

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

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RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The directors present the strategic report for the year ended 28 February 2023.

Principal activities and business review

The principal activity of the Company during the year was the design, installation, manufacture and servicing of high security, fully integrated perimeter security systems as well as providing earthing and fabrication services. The business has also recently ventured into the hostile vehicle mitigation sector.

RHI Industrials Limited continued to be engaged predominately on National Grid, but extending to other utility and infrastructure sites and well as commercial projects. We are engaged both direct and as sub-contractor to a wide range of clients both existing and new, within the private sector. The historic work stream of installing and maintaining high security perimeter fencing continues, but we have been consistently identifying opportunities to diversify into other areas of work which is demonstrated in the growth of our earthing services division, our steel fabrication workshop and now undertaking project design work, ensuring a good distribution of revenue streams.

Principal risks and uncertainties

The business still has the underlying risks and uncertainties during typical operating years which are similar to that of the many businesses in our sector. These are: increased competition; continuous monitoring and management of health and safety issues relating to our staff and sites; attracting, retaining and developing a skilled workforce and robust management team; ensuring skills and knowledge to understand current technology and security systems; securing and ensuring continuity of projects at a competitive yet sustainable price, together with managing those projects within budget and timescale.

With continued economic uncertainty which sees prices and interest rates rising, it is apparent that many households and businesses are suffering, so we are aware that not only is there more pressure as an employer to support struggling households, but there may be a higher risk of clients failing than in previous years, resulting in more significant exposure to bad debt and cashflow issues. We have continued to monitor these risk areas stringently. Opportunities are rigorously vetted to ensure we keep risk exposure to a minimum and our credit control and commercial processes are sufficiently robust to alert us to issues promptly.

RHI Industrials Limited work closely with our long-standing customers to agree certain commercial mechanisms which help mitigate issues/risks around supply chain long lead times or the price variability of copper and steel.

Key performance indicators

	2022-23	2021-22
Turnover Movement	25.77%	15.09%
Gross Profit Margin	21.23%	12.41%
Profit Before Tax Margin	9.15%	2.28%

Turnover has increased by £3.6m on the previous year with a much-improved gross and net profit margin. Commercial monitoring and more frequent reporting has ensured tight control on business activities. This is necessary to ensure work is priced fairly, but cost-effectively for our clients. The business has continued to grow in the year and we maintain a vigilant overview on costs, making efficiencies where possible.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

Future developments

RHI Industrials Limited have been awarded some of the most keenly contested contracts within the industry and are responsible for some of the largest electric fencing systems in the UK. We offer a quality service and take a pro-active approach to client's requirements, often with a bespoke approach to project elements. We can do this by continuing to provide highly skilled, experienced operatives and ancillary services such as in-house design and fabrication to ensure innovative solutions to client specification, with multiple regional bases so are suitably poised to react promptly to client needs.

The industry is increasingly competitive and we aim to maintain our position at the forefront by continuing to monitor and maintain our high standards of delivery, whilst identifying opportunities for growth which enhance the services we offer to clients and supports our core work streams. It is important to continue with our strategy of ensuring the delivery of a quality product to a diverse existing and new client base, reducing any potential negative impact of risks associated with any one sector.

Subsequent Events

Post financial year end, the Company became an indirect subsidiary of Mitie Group plc on 2 May 2023 and this acquisition will ensure the future security of our business and workforce.

On behalf of the board

Mr J M Williams

Director

28 November 2023

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The directors present their annual report and audited financial statements for the year ended 28 February 2023.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £155,000 (2022: £155,000). The directors do not recommend payment of a further 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 G M Dunn	{Resigned 2 May 2023}
Mr R H Irving	{Resigned 2 May 2023}
Mr B S H Field	{Resigned 2 May 2023}
Mr M R C Souter	{Resigned 2 May 2023}
Ms A M Dodd	{Resigned 2 May 2023}
Mr P J G Dickinson	{Appointed 2 May 2023}
Mr J M Williams	{Appointed 2 May 2023}

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

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.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Mr J M Williams
Director

28 November 2023

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2023

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;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

Opinion

We have audited the financial statements of RHI Industrials Limited (formerly R H Irving Industrials Limited) (the 'company') for the year ended 28 February 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2023 and of its profit 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 of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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's responsibilities for the audit of the financial statements

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

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

Stuart Farrer
Senior Statutory Auditor
For and on behalf of Saint & Co.

28 November 2023

Chartered Accountants &
Statutory Auditor

Sterling House
Wavell Drive
Rosehill
Carlisle
CA1 2SA

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2023

		2023	2022
	Notes	£	£
Turnover	3	17,355,779	13,799,495
Cost of sales		(13,671,915)	(12,087,647)
		<hr/>	<hr/>
Gross profit		3,683,864	1,711,848
Administrative expenses		(2,064,646)	(1,381,783)
Other operating income	3	-	11,111
		<hr/>	<hr/>
Operating profit	5	1,619,218	341,176
Interest payable and similar expenses	8	(30,370)	(26,624)
		<hr/>	<hr/>
Profit before taxation		1,588,848	314,552
Tax on profit	9	(300,461)	(43,486)
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		1,288,387	271,066
		<hr/> <hr/>	<hr/> <hr/>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		27,951		42,062
Tangible assets	12		1,251,002		1,222,261
			<u>1,278,953</u>		<u>1,264,323</u>
Current assets					
Stocks	13	189,638		114,002	
Debtors	14	4,412,373		3,386,086	
Cash at bank and in hand		1,175,205		661,154	
		<u>5,777,216</u>		<u>4,161,242</u>	
Creditors: amounts falling due within one year	15	<u>(2,945,072)</u>		<u>(2,850,387)</u>	
Net current assets			<u>2,832,144</u>		<u>1,310,855</u>
Total assets less current liabilities			<u>4,111,097</u>		<u>2,575,178</u>
Creditors: amounts falling due after more than one year	16		(458,625)		(427,834)
Provisions for liabilities					
Provisions	19	(351,422)		-	
Deferred tax liability	20	<u>(157,922)</u>		<u>(77,603)</u>	
			<u>(509,344)</u>		<u>(77,603)</u>
Net assets			<u><u>3,143,128</u></u>		<u><u>2,069,741</u></u>
Capital and reserves					
Called up share capital	22		1,412		1,449
Capital redemption reserve	23		188		151
Profit and loss reserves	23		<u>3,141,528</u>		<u>2,068,141</u>
Total equity			<u><u>3,143,128</u></u>		<u><u>2,069,741</u></u>

The notes on pages 14 to 30 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 28 FEBRUARY 2023

The financial statements were approved by the board of directors and authorised for issue on 28 November 2023 and are signed on its behalf by:

Mr J M Williams
Director

Company registration number 04233669 (England and Wales)

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2023

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 March 2021		1,486	114	2,012,075	2,013,675
Year ended 28 February 2022:					
Profit and total comprehensive income		-	-	271,066	271,066
Dividends	10	-	-	(155,000)	(155,000)
Redemption of shares	22	(37)	37	(60,000)	(60,000)
Balance at 28 February 2022		1,449	151	2,068,141	2,069,741
Year ended 28 February 2023:					
Profit and total comprehensive income		-	-	1,288,387	1,288,387
Dividends	10	-	-	(155,000)	(155,000)
Redemption of shares	22	(37)	37	(60,000)	(60,000)
Balance at 28 February 2023		1,412	188	3,141,528	3,143,128

The notes on pages 14 to 30 form part of these financial statements.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	30	1,233,461		85,181	
Interest paid		(30,370)		(26,624)	
Income taxes paid		-		(113,809)	
Net cash inflow/(outflow) from operating activities		1,203,091		(55,252)	
Investing activities					
Purchase of intangible assets		-		(37,021)	
Purchase of tangible fixed assets		(569,093)		(530,875)	
Proceeds from disposal of tangible fixed assets		114,381		48,802	
Net cash used in investing activities		(454,712)		(519,094)	
Financing activities					
Redemption of shares		(60,000)		(60,000)	
Repayment of bank loans		(9,191)		(18,164)	
(Payment)/Drawdown of finance leases obligations		(10,137)		126,757	
Government grant income		-		11,111	
Dividends paid		(155,000)		(155,000)	
Net cash used in financing activities		(234,328)		(95,296)	
Net increase/(decrease) in cash and cash equivalents		514,051		(669,642)	
Cash and cash equivalents at beginning of year		661,154		1,330,796	
Cash and cash equivalents at end of year		1,175,205		661,154	

The notes on pages 14 to 30 form part of these financial statements.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

Company information

RHI Industrials Limited (formerly R H Irving Industrials Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Level 12 The Shard, 32 London Bridge Street, London, SE1 9SG. The company's principal place of business is Standing Stone, Matfen, Newcastle upon Tyne, NE20 0RQ.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for no less than 12 months from the date of approval of the Company's financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible assets other than goodwill

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

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

Computer software	25% straight line
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1.5 Tangible assets

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

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

Freehold land and buildings	No depreciation
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line
Computers	25% straight line
Motor vehicles	25% straight line

No depreciation has been charged on the company's freehold property, as the directors are of the opinion that the nature of the property, its standard of repair, length of useful life and residual value render depreciation immaterial.

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 credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period 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.

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

1.7 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies (Continued)

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

Deferred tax

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

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

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Retirement benefits

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

1.14 Leases

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

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

1.15 Government grants

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

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

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key assumptions and other sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Valuations of Work in Progress - these have been calculated by management based on the value of work completed in the year but not invoiced at the year end.

3 Turnover and other operating income

	2023	2022
	£	£
Turnover analysed by class of business		
Perimeter Security Systems	17,355,779	13,799,495
	<u> </u>	<u> </u>
	2023	2022
	£	£
Other operating income		
Grants received	-	11,111
	<u> </u>	<u> </u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Grants received relate to income received under the Government's Coronavirus Job Retention Scheme.

4 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	5,400	5,050
	<u> </u>	<u> </u>

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

5 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	-	21,932
Depreciation of tangible fixed assets (Note 12)	485,628	390,770
Profit on disposal of tangible fixed assets	(59,657)	(48,707)
Amortisation of intangible assets (Note 11)	14,111	11,716
Operating lease charges	126,488	131,867
	<u> </u>	<u> </u>

6 Employees

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

	2023	2022
	Number	Number
Staff	109	115
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	4,896,757	4,516,807
Social security costs	702,814	595,973
Pension costs	175,570	194,131
	<u> </u>	<u> </u>
	5,775,141	5,306,911
	<u> </u>	<u> </u>

7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	362,235	386,759
Company pension contributions to defined contribution schemes	13,930	7,667
	<u> </u>	<u> </u>
	376,165	394,426
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022: 3).

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

7	Directors' remuneration		(Continued)
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2023	2022
		£	£
	Remuneration for qualifying services	145,584	155,673
	Company pension contributions to defined contribution schemes	7,650	3,588
		=====	=====
8	Interest payable and similar expenses		
		2023	2022
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	138	699
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	30,232	25,925
		=====	=====
		30,370	26,624
		=====	=====
9	Taxation		
		2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	275,178	(40,344)
	Adjustments in respect of prior periods	(55,036)	(12,543)
		=====	=====
	Total current tax	220,142	(52,887)
		=====	=====
	Deferred tax		
	Origination and reversal of timing differences	80,319	96,373
		=====	=====
	Total tax charge	300,461	43,486
		=====	=====

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

9 Taxation

(Continued)

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

	2023	Restated 2022
	£	£
Profit before taxation	1,588,848	314,552
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	301,881	59,765
Tax effect of expenses that are not deductible in determining taxable profit	61,663	-
Adjustments in respect of prior years	(55,036)	(12,543)
Effect of change in corporation tax rate	19,277	18,625
Impact of capital allowances super deduction	(27,324)	(22,361)
Taxation charge for the year	300,461	43,486

Factors that may affect future tax expense

The UK corporation tax rate has increased from 19% to 25% from 1 April 2023. This change in tax rate has been incorporated into the deferred tax balances.

10 Dividends

	2023 Total	2022 Total
	£	£
Ordinary shares		
Final paid	55,000	55,000
Ordinary B shares		
Final paid	100,000	100,000
Total dividends		
Final paid	155,000	155,000

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

11 Intangible fixed assets

	Computer software
	£
Cost	
At 1 March 2022 and 28 February 2023	56,446
Amortisation and impairment	
At 1 March 2022	14,384
Amortisation charged for the year	14,111
At 28 February 2023	28,495
Carrying amount	
At 28 February 2023	27,951
At 28 February 2022	42,062

Included within the carrying value of intangible assets is £20,632 (2022: £29,886) relating to assets held under finance leases or hire purchase agreement.

12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 March 2022	285,737	262,122	-	217,311	1,762,451	2,527,621
Additions	-	52,908	640	16,515	499,030	569,093
Disposals	-	(55,243)	(6,997)	(28,279)	(359,266)	(449,785)
Transfers	-	-	26,867	(26,867)	-	-
At 28 February 2023	285,737	259,787	20,510	178,680	1,902,215	2,646,929
Depreciation and impairment						
At 1 March 2022	-	217,758	-	149,473	938,129	1,305,360
Depreciation charged in the year	-	26,819	1,883	25,606	431,320	485,628
Eliminated in respect of disposals	-	(53,741)	(6,632)	(26,617)	(308,071)	(395,061)
Transfers	-	-	22,471	(22,471)	-	-
At 28 February 2023	-	190,836	17,722	125,991	1,061,378	1,395,927
Carrying amount						
At 28 February 2023	285,737	68,951	2,788	52,689	840,837	1,251,002
At 28 February 2022	285,737	44,364	-	67,838	824,322	1,222,261

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

12 Tangible fixed assets

(Continued)

The Company has adopted a policy of non-depreciation of the company's buildings on the grounds of materiality as disclosed in note 1.5. The value of the buildings are therefore retained subject to the requirement to test assets for impairment in accordance with section 17 of FRS 102.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 Restated £
Plant and equipment	12,288	-
Motor vehicles	823,586	803,618
Computers	33,967	49,205
	<u>869,841</u>	<u>852,823</u>

Included within freehold land & buildings is £36,075 paid for an asset which is under the course of construction.

13 Stocks

	2023 £	2022 £
Raw materials and consumables	189,638	114,002
	<u>189,638</u>	<u>114,002</u>

14 Debtors

	2023 £	2022 Restated £
Trade debtors	4,251,198	3,354,624
Corporation tax recoverable	-	16,012
Other debtors	65,592	15,450
Prepayments and accrued income	95,583	-
	<u>4,412,373</u>	<u>3,386,086</u>

Included within trade debtors is £345,465 (2022: £485,758) relating to retentions due in more than one year.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	17	-	9,191
Obligations under finance leases	18	339,927	380,855
Trade creditors		1,596,818	1,469,337
Corporation tax		204,130	-
Other taxation and social security		360,108	233,208
Other creditors		132	10,379
Accruals and deferred income		443,957	747,417
		<u>2,945,072</u>	<u>2,850,387</u>

16 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	18	458,625	427,834
		<u>458,625</u>	<u>427,834</u>

17 Loans and overdrafts

	2023 £	2022 £
Bank loans	-	9,191
	<u>-</u>	<u>9,191</u>
Payable within one year	-	9,191
	<u>-</u>	<u>9,191</u>

The long-term loans are secured by a Debenture dated 21 November 2013 and a Legal charge over the land known as Unit 11, Lee Close, Washington, NE38 8QF and a fixed charge over all plant and machinery owned by the company and its interest in any plant and machinery in its possession located at the property, all fixtures and fittings from time to time attached at the property, all other chattels of the Company located at the Property and not ordinarily disposed of in its ordinary course of business dated 29 January 2014, both in favour of Svenska Handelsbanken.

Both of the above charges have since been satisfied after the year end.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

18 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	368,406	405,364
In two to five years	496,871	455,030
	<u>865,277</u>	<u>860,394</u>
Less: future finance charges	(66,725)	(51,705)
	<u>798,552</u>	<u>808,689</u>

Finance lease payments represent rentals payable by the company for certain items of computer software, computers and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance leases are secured on the assets they were used to buy.

19 Provisions for liabilities

	2023	2022
	£	£
Other tax liabilities	351,422	-
	<u>351,422</u>	<u>-</u>
Movements on provisions:		
		Other tax liabilities
		£
Additional provisions in the year		351,422
At 28 February 2023		<u>351,422</u>

After the year end the company entered into negotiations with HMRC regarding the previous treatment of dividends, an additional amount is expected to be payable to HMRC. The amount is still being negotiated however the best estimate of the potential liability of £351,422 is recognised on the balance sheet at the year end. Accordingly, after the year end, the company has now made a payment on account in the region of this amount.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

20 Deferred taxation

The following are the major deferred tax liabilities recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	157,922	141,027
Provisions	-	(63,424)
	<u>157,922</u>	<u>77,603</u>
		2023
Movements in the year:		£
Liability at 1 March 2022		77,603
Charge to profit or loss		80,319
		<u>157,922</u>
Liability at 28 February 2023		<u>157,922</u>

The net amount of deferred tax liabilities that are expected to reverse within 12 months is £97,000 (2022: £73,000) relating to the reversal of existing timing differences on tangible assets.

Deferred tax has been provided for at 25%.

21 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution scheme	175,570	194,131
	<u>175,570</u>	<u>194,131</u>

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.

At the balance sheet date there were outstanding contributions of £nil (2022: £10,379) owing to the scheme.

22 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	812	849	812	849
Ordinary B shares of £1 each	600	600	600	600
	<u>1,412</u>	<u>1,449</u>	<u>1,412</u>	<u>1,449</u>
	<u>1,412</u>	<u>1,449</u>	<u>1,412</u>	<u>1,449</u>

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

22 Share capital

(Continued)

Each ordinary share is entitled to one vote in any circumstances. Ordinary B shareholders are not entitled to vote in any circumstances and only entitled to one pound per share in the event of a wind-up or disposal.

During the year the company purchased 37 of its own shares, which were subsequently cancelled.

23 Reserves

Profit and loss reserves - This reserve records retained earnings and accumulated losses less dividends paid.

Capital redemption reserves - This reserve represents the cumulative nominal value of the Company's shares repurchased and subsequently cancelled.

24 Operating lease commitments

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

	2023	2022
	£	£
Within one year	183,946	108,457
Between two and five years	353,366	111,852
	<u>537,312</u>	<u>220,309</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	324,675	324,675
	<u>324,675</u>	<u>324,675</u>

During the year ended 28 February 2022 the company paid a deposit on a freehold building which is under construction. The building and sale are expected to be completed later in 2023 when the company will be expected to pay £324,675.

26 Events after the reporting date

The share capital of the company was bought by Mitie Limited on 2 May 2023. From this date the ultimate controlling party became Mitie Group plc.

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	816,540	922,206

Other Information

Included within other creditors falling due within one year is £nil (2022: £4,075) being the amount owing to a director.

Included within other debtors is £50,391 (2022: £13,703) being the amount owed by two directors (2022: owed by two directors).

During the year advances totalled £136,627 (2022: £12,086).

The loans were interest free and repayable on demand.

28 Directors' transactions

Advances and credits to directors are interest free and repayable on demand.

29 Ultimate controlling party

The ultimate controlling party at the end of the year was Mr G M Dunn by virtue of his majority shareholding.

30 Cash generated from operations

	2023	Restated 2022
	£	£
Profit for the year after tax	1,288,387	271,066
Adjustments for:		
Taxation charged	300,461	43,486
Interest payable	30,370	26,624
Government grant income	-	(11,111)
Gain on disposal of tangible fixed assets	(59,657)	(48,707)
Amortisation of intangible assets	14,111	11,716
Depreciation of tangible fixed assets	485,628	390,770
Increase in provisions	351,422	-
Movements in working capital:		
(Increase)/decrease in stocks	(75,636)	33,007
Increase in debtors	(1,042,299)	(625,943)
Decrease in creditors	(59,326)	(5,727)
Cash generated from operations	1,233,461	85,181

RHI INDUSTRIALS LIMITED (FORMERLY R H IRVING INDUSTRIALS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

31 Analysis of changes in net funds/(debt)

	1 March 2022	Cash flows 28 February 2023	
	£	£	£
Cash at bank and in hand	661,154	514,051	1,175,205
Borrowings excluding overdrafts	(9,191)	9,191	-
Obligations under finance leases	(808,689)	10,137	(798,552)
	<u>(156,726)</u>	<u>533,379</u>	<u>376,653</u>

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