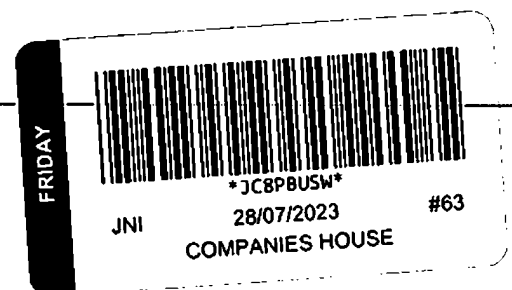




Crendon Timber Engineering Limited

**Annual report and audited financial statements
for the year ended 31 December 2022**

Registration No: 01992573 (England & Wales)



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Company Information

Directors

Stephen Thompstone
James Kelly

Auditors

ASM (M) Ltd
Chartered Accountants
The Diamond Centre
Market Street
Magherafelt

Registered Office

Old Station Road
Hampton-In-Arden
Solihull
Warwickshire

Bankers

Danske Bank
Donegall Square West
Belfast

Solicitors

Millar McCall Wylie
4-10 Donegall Square West
Belfast

Registration Number

01992573 (England & Wales)

Strategic Report

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

Principal activities

The Company's principal activity is that of the manufacture and erection of timber roof and floor systems.

Review of activities and future developments

The results for the year are set out in the Income Statement on page 10 and in the related notes.

Future outlook

The future developments in the Company's activities are discussed in the Directors' Report.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are controlling costs and maintaining sales levels.

The Company's management endeavours to mitigate these risks by implementing regular strategic and operational reviews.

Key performance indicators

The Directors used the key performance indicators set out in the table below to monitor the Company's performance.

	31 December 2022	31 December 2021
Revenue (£)	73,406,138	50,986,237
Revenue growth (%)	44.0%	0.0%
Gross profit (£)	25,521,492	14,895,069
Gross profit margin (%)	34.8%	29.2%
Operating profit (£)	7,589,834	3,645,838
Operating profit margin (%)	10.3%	7.2%

As demonstrated above, each of the Company's key performance indicators, were either consistent with, or an improvement on the performance achieved in the previous accounting period, and overall the Directors are satisfied with the Company's performance for the year.

Financial risk management

The Company's operations expose it to a variety of financial risks that are analysed under separate subheadings below.

The Company has a risk management programme in place that seeks to limit the adverse effects of these risks on the financial performance of the Company.

Credit risk

The Company is exposed to the usual credit and cash flow risks associated with selling on credit and manages these risks through credit control procedures.

Financial instruments

The Company does not actively use financial instruments as part of its financial risk management.

Liquidity risk

The Company maintains a mixture of long term and short term debt finance that is designed to ensure that the Company has sufficient available funds for current operations and planned expansions.

Foreign exchange risk

The Company's principal operating currency is sterling (£).

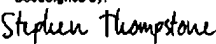
The Company does not have any material transactions in foreign currencies.

The Company does not have any material exposure to foreign exchange risk.

Strategic Report

Approval

This Strategic Report was approved by the Board of Directors on 22 May 2023 and signed on its behalf by:

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Stephen Thompson

Director

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Results

The Income Statement for the year ended 31 December 2022 is set out on page 10.

Performance review

Both the year end financial position and the financial performance for the year were as expected.

Future outlook

The Directors expect that the Company's recent financial performance will be sustained for the foreseeable future.

Directors

The directors of the Company at 31 December 2022, who have all been directors for the whole of the year ended on that date, are listed on page 1.

Dividends and transfers to reserves

The Directors have declared the following dividends in respect of the year ended 31 December 2022:

	31 December 2022 (12 months)	31 December 2021 (12 months)
	£	£
Ordinary £1,000 Shares		
Final dividend of £1,500,000.00 (2021: £Nil)	3,000,000	-
	<u>3,000,000</u>	<u>-</u>
Total dividends	3,000,000	-

The result for the year, after payment of the dividends above, has been transferred to reserves.

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of financial risk are discussed in the Strategic Report.

Taxation status

The Company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 14 and 15 to the financial statements.

Research and development

The Company's principal research and development activity is the development of new timber engineered products.

Events after the reporting date

There were no material events after the year end that require disclosure in the financial statements.

Employees

The Company's policy is to consult and discuss with employees where appropriate matters likely to affect employees' interests.

Disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill and all necessary assistance with initial training courses is provided. Arrangements are made, whenever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Political donations

The charitable and political donations made by the Company during the year were £11,500 (2021: £11,000) and £Nil (2021: £Nil) respectively.

Directors' Report**Energy and Greenhouse Gas Report**

Crendon Timber Engineering Limited has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its Greenhouse Gas ("GHG") emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2022 emission conversion factors published by Department for Environment, Food and Rural Affairs ("Defra") and the Department for Business, Energy & Industrial Strategy ("BEIS"). The assessment follows the GHG Protocol for the market and location-based approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used.

The table below summarises the GHG emissions for reporting year: **1st January 2022 to 31st December 2022**.

Crendon Timber Engineering Limited has been assessing its carbon emissions since 2020 and has provided the current year results.

Element	Location-based tCO₂e (2022)	Market-based tCO₂e (2022)
Direct emissions (Scope 1) – site gas, diesel, burning oil, gas oil, company vehicle diesel and petrol consumption	1,495.75	1,495.75
Indirect emissions (Scope 2) - Purchased electricity	226.27	127.87
Total tCO₂e (Scope 1 & 2)	1,722.02	1,623.63
Other indirect emissions (Scope 3) – grey fleet travel	9.59	9.59
Total tCO₂e (Scope 3)	9.59	9.59
Total Tonnes of CO₂e	1,731.61	1,633.22
Intensity metric: Tonnes of CO₂e per employee	4.86	4.59
Intensity metric: Tonnes of CO₂e per £M turnover	23.47	22.13
Total energy consumption (kWh)	7,371,213	

Energy Efficiency Actions

Crendon Timber Engineering Limited has undertaken a number of Energy Efficient Improvements during the year ended 31 December 2022, including the following:

- ◆ Changed car fleet policy to new cars must be hybrid or full electric;
- ◆ Started changing forklift fleet from diesel to electric;
- ◆ Installed solar panels on one site (a further 5 sites installed by the end of May 2023);
- ◆ Installed electric car charging points at 6 sites; and
- ◆ Purchased further energy saving plant and equipment.

The 2020 and 2021 results have been updated as gas consumption was estimated at Crendon Timber Engineering Limited's site in Glastonbury, which it has now been confirmed had not consumed any natural gas.

Activity	2020	2021	2022
Total energy consumed (kWh)	5,375,712	6,520,485	7,371,213
Total Gross Location-Based Emissions (tCO ₂ e)*	1,297.47	1,534.76	1,731.61
Intensity ratio: tCO ₂ e (gross Scope 1 & 2, location-based) per £M revenue	37.92	29.82	23.47

*Includes scope 1, 2 and 3 SECR mandatory elements only.

Directors' Report

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that financial year.

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

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

The Directors 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.

Accounting records

The measures taken by the Directors to secure compliance with the requirements of Section 386 to Section 389 of the Companies Act 2006, with regard to keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at Old Station Road, Hampton-In-Arden, Solihull, Warwickshire.

Statement of disclosure of information to auditors

So far as each of the Directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

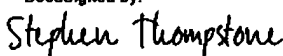
The auditors, ASM (M) Ltd, are deemed to be reappointed under Section 485 of the Companies Act 2006.

Provisions relating to the preparation of the financial statements

This report has been prepared in accordance with the provisions of the Companies Act 2006 relating to large sized companies.

Approval

This Directors' Report was approved by the Board of Directors on 22 May 2023 and signed on its behalf by:

DocuSigned by:

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Stephen Thompstone

Director

Independent Auditors' Report to the members of Crendon Timber Engineering Limited**Opinion**

We have audited the financial statements of Crendon Timber Engineering Limited (the "Company") for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in the United Kingdom including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in the United Kingdom and FRS102; 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 United Kingdom, including the Financial Reporting Council's (FRC) 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 the date 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report to the members of Crendon Timber Engineering Limited**Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

Respective responsibilities**Directors' responsibilities for the financial statements**

As explained more fully in the directors' responsibilities statement set out in the Directors' Report 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.

Based on our understanding of the Company and the environment in which it operates, we have identified the laws and regulations, such as the Companies Act 2006, which have a direct impact on the financial statements, and considered the effect non-compliance with those laws and regulations might have on the financial statements. We considered the opportunities and incentives that may exist within the Company for fraud and identified that the principal risks for fraud arise from:

- revenue recognition;
- management override of controls;
- posting unusual journals; and
- unusual estimation amounts.

As part of our audit procedures we discussed these risks with management, and performed audit procedures to identify the occurrence of such risks.

There are inherent limitations in any audit procedures undertaken, and in particular the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

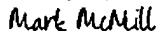
This description forms part of our auditor's report.

Independent Auditors' Report to the members of Crendon Timber Engineering Limited**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Section 495 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.

DocuSigned by:



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Mark McNeill (Senior Statutory Auditor)**For and behalf of:****ASM (M) Ltd****Chartered Accountants and Statutory Auditors****The Diamond Centre****Market Street****Magherafelt****22 May 2023**

Income Statement

	Note	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Revenue	4,5	73,406,138	50,986,237
Cost of sales		(47,884,646)	(36,091,168)
Gross profit		25,521,492	14,895,069
Net operating expenses	8	(17,931,658)	(11,249,231)
Operating profit	9	7,589,834	3,645,838
Profit/(loss) on disposal - property, plant and equipment		21,307	(831)
Investment income	10	(1,483)	1,483
Profit on ordinary activities before interest payable		7,609,658	3,646,490
Interest payable and similar charges	11	(187,879)	(199,832)
Profit on ordinary activities before taxation		7,421,779	3,446,658
Taxation	12	(1,399,995)	(436,523)
Profit for the financial year		6,021,784	3,010,135

All amounts above relate to continuing operations of the Company.

Statement of Comprehensive Income

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Profit for the financial year	6,021,784	3,010,135
Total comprehensive income for the year	6,021,784	3,010,135

The notes on pages 16 to 26 form part of these financial statements



Statement of Financial Position

	Note	31 December 2022 £	31 December 2021 £
Fixed assets			
Intangible fixed assets	14	-	-
Property, plant and equipment	15	<u>8,815,455</u>	<u>6,699,397</u>
		<u>8,815,455</u>	<u>6,699,397</u>
Current assets			
Inventory	16	<u>2,739,641</u>	<u>2,538,106</u>
Receivables	17	<u>13,959,899</u>	<u>14,144,887</u>
Cash at bank and in hand		<u>4,098,439</u>	<u>1,935,984</u>
		<u>20,797,979</u>	<u>18,618,977</u>
Creditors: amounts falling due within one year	18	<u>14,038,806</u>	<u>13,065,738</u>
Net current assets		<u>6,759,173</u>	<u>5,553,239</u>
Total assets less current liabilities		<u>15,574,628</u>	<u>12,252,636</u>
Creditors: amounts falling due after one year	19	<u>436,413</u>	<u>500,153</u>
Provisions for liabilities	20	<u>879,127</u>	<u>515,179</u>
		<u>1,315,540</u>	<u>1,015,332</u>
Net assets		<u>14,259,088</u>	<u>11,237,304</u>
Capital and reserves			
Called up equity share capital	21	<u>2</u>	<u>2</u>
Reserves		<u>14,259,086</u>	<u>11,237,302</u>
Total equity shareholders' funds		<u>14,259,088</u>	<u>11,237,304</u>

The Directors acknowledge the Company's obligations under the Companies Act 2006 to keep adequate accounting records and prepare financial statements which give a true and fair view of the assets, liabilities and financial position of the Company at the end of each period of account and of its profit or loss for each period of account, and otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as they are applicable to the Company.

The financial statements on pages 10 to 26 were approved and authorised for issue by the Board of Directors on 22 May 2023 and were signed on its behalf by:

DocuSigned by:

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Stephen Thompson

Director

Registration Number: 01992573 (England & Wales)

Statement of Cash Flows

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Cash inflows from operating activities	8,042,559	4,154,163
Returns on investments and servicing of finance		
Investment income	(1,483)	1,483
Interest paid on finance leases and hire purchase contracts	(16)	(971)
Interest payable	(187,863)	(198,861)
	(189,362)	(198,349)
Taxation	(459,266)	(254,870)
Investment		
Tangible fixed asset disposal proceeds	32,714	-
Purchase of property, plant and equipment	(3,497,521)	(1,053,207)
Net cashflow from investment	(3,464,807)	(1,053,207)
Equity dividends paid to shareholders	(3,000,000)	-
Financing		
Bank loan repayments	(180,181)	(82,198)
Group undertaking advances	1,264,596	-
Group undertaking repayments	-	(3,863,188)
Related undertaking advances	19,732	11,538
Related undertaking repayments	(32,703)	-
Repayment of capital element of finance leases and hire purchase contracts	-	(60,076)
Net cash flow from financing	1,071,444	(3,993,924)
Net cash inflow/(outflow)	2,000,568	(1,346,187)

Statement of Cash Flows

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Operating profit	7,589,834	3,645,838
Amortisation of property, plant and equipment	<u>1,370,056</u>	<u>848,648</u>
	8,959,890	4,494,486
(Increase)/decrease in inventory	(201,535)	(219,272)
(Increase)/decrease in trade receivable	(897,627)	(2,532,506)
Increase/(decrease) in trade payables	1,499,712	667,511
(Increase)/decrease in prepayments/other receivables	(257,038)	(53,299)
Increase/(decrease) in value added taxes payable/(receivable)	(746,336)	(123,292)
Increase/(decrease) in payroll taxes	23,981	62,440
Increase/(decrease) in accruals	(106,573)	1,888,450
Increase/(decrease) in other payables	(231,915)	(30,355)
Cash inflows from operating activities	<u>8,042,559</u>	<u>4,154,163</u>

Analysis of changes in net cash

	31 December 2022 £	31 December 2021 £	
Opening cash balance	1,935,984	3,282,171	
Increase/(decrease) in cash balances	<u>2,000,568</u>	<u>(1,346,187)</u>	
Closing cash balance	<u>3,936,552</u>	<u>1,935,984</u>	

	31 December 2022 £	31 December 2021 £	Movement £
Analysis of cash balances			
Cash at bank and in hand	4,098,439	1,935,984	2,162,455
Bank overdraft	-	-	-
Commercial finance	<u>(161,887)</u>	<u>-</u>	<u>(161,887)</u>
	<u>3,936,552</u>	<u>1,935,984</u>	<u>2,000,568</u>

Analysis of financing cash flows

	Group undertakings £	Related undertakings £	Bank loans £	Hire purchase creditors £	Total £
At 1 January 2021	(2,989,902)	49,156	846,198	60,076	(2,034,472)
Advances	-	11,538	-	-	11,538
Repayments	<u>(3,863,188)</u>	-	<u>(82,198)</u>	<u>(60,076)</u>	<u>(4,005,462)</u>
At 31 December 2021	(6,853,090)	60,694	764,000	-	(6,028,396)
Advances	1,264,596	19,732	-	-	1,284,328
Repayments	-	<u>(32,703)</u>	<u>(180,181)</u>	-	<u>(212,884)</u>
At 31 December 2022	<u>(5,588,494)</u>	<u>47,723</u>	<u>583,819</u>	<u>-</u>	<u>(4,956,952)</u>

Statement of Changes in Equity

	Share capital	Profit and loss reserve	Total
	£	£	£
At 1 January 2021	2	8,227,167	8,227,169
Total comprehensive income for the year	-	3,010,135	3,010,135
At 31 December 2021	2	11,237,302	11,237,304
Total comprehensive income for the year	-	6,021,784	6,021,784
Dividends	-	(3,000,000)	(3,000,000)
At 31 December 2022	2	14,259,086	14,259,088

Notes to the financial statements**1. Company Information****Legal status**

Crendon Timber Engineering Limited is a private company limited by shares established in England & Wales.

Registration number and registered office

The Company's registered office address and registration number is set out on page 1.

Functional currency

The financial statements are prepared in sterling (£) which is the functional currency of the Company.

2. Basis of preparation of financial statements**Applicable legislation and accounting standards**

These financial statements have been prepared in accordance with:

- (i) applicable UK accounting standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- (ii) the historical cost basis of accounting as modified by the revaluation of certain assets as specified in the accounting policies below; and
- (iii) the Companies Act 2006.

Going concern

The Company made a profit during the year ended 31 December 2022 and, at that date, the Company's assets exceeded its liabilities.

After making enquiries the Company's directors consider there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have prepared the financial statements on the going concern basis.

3. Judgements and key sources of estimation uncertainty

Judgements and key sources of estimation uncertainty are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements used in the application of accounting policies

There were no critical judgements used in the application of accounting policies and the preparation of the financial statements.

Critical accounting estimates and assumptions

There were no critical accounting estimates or assumptions used in the application of accounting policies and the preparation of the financial statements.

4. Principal accounting policies**Goodwill and other intangibles**

Intangible assets acquired separately by the Company are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Notes to the financial statements

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at fair value less accumulated amortisation and accumulated impairment.

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Amortisation is calculated so as to write off the costs of intangible assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates and bases used for this purpose are as follows:

Asset category	Basis of amortisation	%
Goodwill	Straight Line	20.00%

Property, plant and equipment

Land and buildings are stated at purchase cost, net of depreciation and any provision for impairment. The cost of freehold land is not depreciated.

Plant and other equipment is stated at purchase cost, net of depreciation and any provision for impairment.

The carrying value of property, plant and equipment is reviewed for impairment in each accounting period if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is calculated so as to write off the costs of property, plant and equipment, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates and bases used for this purpose are as follows:

Asset category	Basis of amortisation	%
Freehold and long leasehold land	Straight Line	0.00%
Freehold and long leasehold buildings	Straight Line	2.00%
Plant and equipment	Straight Line	6.67%
Office equipment, fixtures and fittings	Straight Line	10.00%
Motor vehicles	Straight Line	10.00%

Notes to the financial statements**Turnover**

Turnover represents amounts receivable for goods and services net of value added taxes and trade discounts.

Investment Income

Income from deposits is included, together with any related tax credit, in the Income Statement on an accruals basis.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction.

At the end of each financial accounting period assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates ruling at that date and all exchange differences are taken to the Income Statement.

Financial Instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

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

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Notes to the financial statements**Inventory**

Inventory is stated at the lower of cost and net realisable value where cost includes materials, direct labour and direct costs.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion or disposal.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Transactions with Group Undertakings Exemption

The Company has taken advantage of the exemption not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

5. Revenue

No analysis of revenue by activity or geographical area has been provided as, in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the Company.

6. Director emoluments and key management compensation**Directors' remuneration**

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Aggregate emoluments	-	-
	-	-

Key management remuneration

The remuneration payable to key management (excluding the directors) during the year is set in the table below.

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Aggregate emoluments	503,818	447,370
	503,818	447,370

Notes to the financial statements**7. Employee information**

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

	31 December 2022 (12 months) Number	31 December 2021 (12 months) Number
By activity		
Direct	170	199
Administration overheads indirect payroll	191	121
Total employees	361	320

and their emoluments were:

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Staff costs (for the persons above)		
Gross wages and salaries	11,122,548	8,885,857
Employer's social security costs	905,697	812,388
Other pension costs	386,209	223,766
	12,414,454	9,922,011

8. Net operating expenses

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Indirect payroll	6,764,171	5,636,759
Administration overheads	7,246,900	2,875,129
Sales and marketing overheads	184,828	71,259
Establishment overheads	2,365,703	1,817,436
Amortisation of property, plant and equipment	1,370,056	848,648
	17,931,658	11,249,231

9. Operating profit

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Operating profit is stated after charging:		
Auditors' fees:		
Audit services	19,500	16,000
Other services	20,020	28,970
Depreciation charge for the year:		
Owned fixed assets - property, plant and equipment	1,370,056	848,648

Notes to the financial statements

10. Investment income

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Bank deposit interest	-	-
Other investment income	(1,483)	1,483
	<u>(1,483)</u>	<u>1,483</u>

11. Interest payable and similar charges

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Interest payable on bank loans and overdrafts:		
Repayable within five years by instalments	56,426	48,861
Repayable within five years and not by instalments	-	-
Interest payable on other loans:		
Hire purchase	16	971
Group company loans	125,603	150,000
Other interest	5,834	-
	<u>187,879</u>	<u>199,832</u>

12. Taxation

(a) Analysis of the charge for the year

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Corporation tax		
Corporation tax on the profit for the year	1,167,799	465,100
Adjustments in respect of prior periods	(131,752)	(202,381)
Total corporation tax	<u>1,036,047</u>	<u>262,719</u>
Deferred tax		
Origination and reversal of timing differences	368,234	178,848
Adjustments in respect of prior periods	(4,286)	(5,044)
Total deferred tax	<u>363,948</u>	<u>173,804</u>
Total tax charge	<u>1,399,995</u>	<u>436,523</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the amount calculated at the standard rate of corporation tax in the United Kingdom (19.0%). The difference is explained below:

Notes to the financial statements

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Profit on ordinary activities before taxation	7,421,779	3,446,658
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19.0% (2021: 19.0%)	1,410,138	654,865
Effects of:		
Amortisation of non-qualifying fixed assets		
Property, plant & equipment	94,466	36,167
Other (income)/expenditure not allowable for taxation	2,722	1,132
Excess (deficit) of capital allowances for the period compared to amortisation of fixed assets		
Property, plant & equipment	(254,364)	(168,928)
Increase/(decrease) in general provisions	15,886	(9,921)
Research and development tax relief	(101,048)	-
Group company losses claimed/(surrendered)	-	(48,215)
Deferred tax at future rates	368,234	178,848
	1,536,034	643,948
Adjustments in respect of prior periods	(136,038)	(207,425)
	1,399,996	436,523

13. Dividends

	31 December 2022 (12 months) £	31 December 2021 (12 months) £
Ordinary £1.000 Shares		
Final dividend of £1,500,000.00 (2021: £Nil)	3,000,000	-
	3,000,000	-
Total dividends	3,000,000	-

14. Intangible fixed assets

	Goodwill	Total
	£	£
Cost or Valuation		
At 1 January 2022	378,257	378,257
Additions	-	-
At 31 December 2022	378,257	378,257
Amortisation		
At 1 January 2022	378,257	378,257
Charge for the year	-	-
At 31 December 2022	378,257	378,257
Net book value		
At 31 December 2022	-	-
At 31 December 2021	-	-

Goodwill

Goodwill costs consist solely of the costs of the acquisition of Crendon Roofing Services Ltd. and HY Arnold (Castleford) Ltd. Goodwill costs are being amortised on a straight line basis over five years, which the directors estimate is the useful life.

Notes to the financial statements

15. Property, plant and equipment

	Freehold and long leasehold land	Freehold and long leasehold buildings	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	3,300,000	1,301,034	5,194,548	969,650	1,015,300	11,780,532
Additions	50,000	252,810	2,290,293	318,999	585,419	3,497,521
Disposals	-	-	(1,185)	-	(58,644)	(59,829)
At 31 December 2022	3,350,000	1,553,844	7,483,656	1,288,649	1,542,075	15,218,224
Depreciation						
At 1 January 2022	-	1,301,034	2,646,136	646,029	487,936	5,081,135
Charge for the year	-	313,961	751,049	54,051	250,995	1,370,056
Disposals	-	-	(119)	-	(48,303)	(48,422)
At 31 December 2022	-	1,614,995	3,397,066	700,080	690,628	6,402,769
Net book value						
At 31 December 2022	3,350,000	(61,151)	4,086,590	588,569	851,447	8,815,455
At 31 December 2021	3,300,000	-	2,548,412	323,621	527,364	6,699,397

The net book value of property, plant and equipment include amounts of £Nil (2021: £Nil) in respect of assets held under asset purchase agreements.

Property, plant and equipment includes freehold and long leasehold land with a carrying value of £3,350,000 (2021: £3,300,000) which has not been depreciated.

16. Inventory

	31 December 2022	31 December 2021
	£	£
Raw materials	2,240,164	1,962,604
Work in progress	81,911	233,351
Finished goods	417,566	342,151
	2,739,641	2,538,106

There is no material difference between the replacement costs of inventory and the Statement of Financial Position amounts.

Inventory values are stated after provisions for impairment of £300,000 (2021: £300,000).

17. Receivables

	31 December 2022	31 December 2021
	£	£
Amounts falling due within one year		
Trade receivables	7,506,551	6,608,924
Owed by group undertakings	5,730,011	7,069,664
Prepayments	723,337	466,299
	13,959,899	14,144,887

Trade receivable values are stated after provisions for impairment of £136,129 (2021: £163,832).

Notes to the financial statements

18. Creditors: amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Commercial finance	161,887	-
Bank loans	386,540	502,981
Trade payables	8,617,784	7,118,072
Owed to group undertakings	141,517	216,574
Owed to related undertakings	47,723	60,694
Corporation tax payable	840,806	264,025
Payroll taxes	274,627	250,646
Value added taxes	218,234	964,570
Accruals	3,320,479	3,427,052
Other payables	29,209	261,124
	<u>14,038,806</u>	<u>13,065,738</u>

19. Creditors: amounts falling due after one year

	31 December 2022	31 December 2021
	£	£
Bank loans	197,279	261,019
Other payables	239,134	239,134
	<u>436,413</u>	<u>500,153</u>

Bank security

The Company's bank debt facilities are secured by a fixed charge over property and books debts, a floating charge over other assets.

Loan and asset finance maturity

The repayment profile of loan and asset finance facilities is set out in the table below.

	31 December 2022	31 December 2021
	£	£
Bank loans		
In one year or less, or on demand	386,540	502,981
In more than one year, but not more than two years	197,279	261,019
	<u>583,819</u>	<u>764,000</u>
Total financial liabilities	<u>583,819</u>	<u>764,000</u>

20. Provisions for liabilities

Deferred taxation

Deferred taxation provided in the financial statements is analysed as follows:

Notes to the financial statements

	31 December 2022	31 December 2021
	£	£
Gross fixed asset timing differences	900,030	510,893
Other timing differences		
General provisions	(20,903)	-
Net timing differences	879,127	510,893
Timing differences not provided	-	4,286
Deferred tax provision	879,127	515,179

An increase in the UK corporation tax rate to 25% (effective 1st April 2023) was substantively enacted after the year end. The deferred tax balance has been calculated based on the 25% corporation tax rate.

21. Called up share capital

	31 December 2022	31 December 2021
	£	£
Allotted, called up and fully paid	2.00	2.00
2 (2021: 2) Ordinary £1,000 Shares	2.00	2.00
Called up equity share capital	2.00	2.00
	2.00	2.00

The Company has one class of issued shares and there are no restrictions on the distribution of dividends or the repayment of capital.

The Company did not issue any shares during the year.

22. Pension costs**Defined contribution pension schemes**

The Company participated in defined contribution pension schemes for its employees and Directors, and the contributions to the schemes are independently administered.

The pension cost, which represents amounts payable by the Company to the schemes, was £386,209 (2021: £223,766).

23. Contingent liabilities

The Company had no material contingent liabilities at 31 December 2022 or at 31 December 2021.

24. Events after the reporting period

There were no material events in the period between the end of the reporting year and the date of the approval of the financial statements.

25. Capital commitments

The Company did not have any material capital commitments at 31 December 2022 or at 31 December 2021.

26. Contracts with inception dates after the end of the reporting period

The Company did not enter into any material contractual commitments in the period between the year end and the date of approval of these financial statements.

Notes to the financial statements**27. Other financial commitments**

The total future amounts payable under financial commitments in place at the end of current and preceding financial reporting period are analysed as follows:

	31 December 2022	31 December 2021
	£	£
Land and buildings		
In less than one year	691,776	463,056
	<u>691,776</u>	<u>463,056</u>

28. Related party transactions**Related undertakings**

The amounts owed by/(to) related undertakings at the start and end of the financial year and the transactions with these related undertakings during the year are summarised in the table below.

Category of related party	At 1 January 2022	Interest receivable/ (payable)	Rent receivable/ (payable)	Amounts written off	Exchange adjustments	Loan advances/ (repayments)	Other	Provision	Accounts receivable/ payable movement	At 31 December 2022
	£	£	£	£	£	£	£	£	£	£
Other related undertakings	(60,694)	-	-	-	-	19,652	-	-	(6,681)	(47,723)
	<u>(60,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,652</u>	<u>-</u>	<u>-</u>	<u>(6,681)</u>	<u>(47,723)</u>

29. Ultimate controlling party

Wyckham Blackwell Holdings Limited, a company established in Isle of Man, holds 100.0% of the equity share capital in Crendon Timber Engineering Limited, and is the immediate parent and the ultimate parent undertaking.

30. Approval of the financial statements

The Board of Directors approved the financial statements for issue on 22 May 2023.