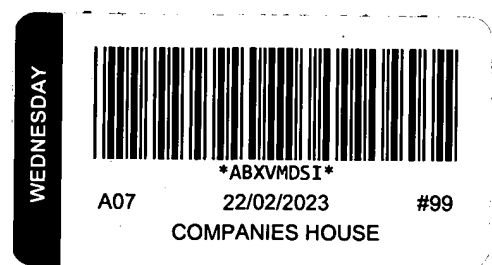


Advanced Engineering Solutions Limited

**Annual Report and Financial Statements for the year
ended 31 March 2022**

(Company Registration No: 03082093)



COMPANY INFORMATION

Company Name

Advanced Engineering Solutions Limited

Company Registration No

03082093

Registered Office

C/O South Staffordshire Plc
Green Lane
Walsall
England
WS2 7PD

Place of Business

South Nelson Road
South Nelson Industrial Estate
Cramlington
Northumberland
NE23 1WF

Directors

Mr J S Carmichael
Mr S Dray
Mr R J O'Malley
Mr S V Thomas

Auditor

Azets Audit Services
32 Brenkley Way
Blezard Business Park
Seaton Burn
Newcastle upon Tyne
NE13 6DS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and audited accounts for the year ended 31 March 2022.

Principal Activity

The principal activity of the company is technology-based consultancy for the gas and water industries. These activities are largely targeted towards defining effective operation and maintenance strategies for in-service pipelines and pipeline equipment. Services provided include pipeline inspection, condition assessment and performance prediction, technical auditing and specialist engineering support activities, including equipment refurbishment.

Financial Results & Dividends

The Company's financial results are shown in the profit and loss account on page 10. The turnover for the year ended 31 March 2022 was £1,940,000 (period ended 31 March 2021: £1,692,000), EBITDA was £110,000 (period ended 31 March 2021 restated: £37,000). The loss after tax for the year ended 31 March 2022 was £63,000 (period ended 31 March 2021 restated: £143,000 loss). Trade debtors at 31 March 2022 amounted to £246,000 (2021: £196,000). The Company made a dividend payment of £450,000 in the year ended 31 March 2022 (2021: £Nil).

Going Concern

AES has a cash position of £97,000 (2021: £802,000) and net assets of £1,108,000 (2021 restated: £1,621,000) and it is expected to remain in a positive cash and net asset position over the going concern period. As disclosed in note 18 AES is part of the Hydriades IV Limited Group who have cash of £101,682,000 (2021: £52,601,000 restated) and net assets of £6,627,000 (2021: £44,599,000) and is expected to remain in a positive cash and net asset position over the going concern period. Hydriades IV Limited has provided a letter of support to the company confirming that it will support the company if required for a period of 12 months from the date of approval of the financial statements. As a consequence of the above, the Directors believe that the Company is well placed to manage its business and financial risks successfully. After making reasonable enquiries, the Directors have a reasonable expectation that the Company has adequate available resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

DIRECTORS' REPORT (CONTINUED)

Directors

The Directors who held office during the period and subsequently are as follows:

Mr J S Carmichael

Mr S Dray

Mr R J O'Malley

Mr S V Thomas

Independent Auditor

In accordance with the provisions of s418 of the Companies Act 2006, the Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that the Board has taken all reasonable steps to make itself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution proposing the reappointment of Azets Audit Services as auditor will be put to the Board of Directors.

Approved by the Board of Directors and signed on its behalf by



Simon Dray

Director

15 February 2023

Registered Office: C/O South Staffordshire Plc, Green Lane, Walsall, England, WS2 7PD

Registered in England and Wales, Number 03082093

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs 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 judgments 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Advanced Engineering Solutions Limited (the 'company') for the year ended 31 March 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED (CONTINUED)

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns;
- or
- certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit; or
 - the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED (CONTINUED)

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud. In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED (CONTINUED)

- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED ENGINEERING SOLUTIONS LIMITED (CONTINUED)

Use of our report

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



Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Statutory Auditor
32 Brenkley Way
Blezard Business Park
Seaton Burn
Newcastle upon Tyne
NE13 6DS

15 February 2023

PROFIT AND LOSS ACCOUNT

		Year ended 31 March 2022	Year ended 31 March 2021 Restated
	Note	£'000	£'000
Turnover	3	1,940	1,692
Other operating income	4	-	103
Operating costs	5	(2,013)	(1,951)
Operating (Loss)/Profit before tax		(73)	(156)
Taxation on profit on ordinary activities	8	10	13
Loss/Profit on ordinary activities after taxation		(63)	(143)

BALANCE SHEET

As at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 Restated £'000
Fixed Assets			
Intangible assets	10	343	440
Tangible assets	11	564	523
		908	963
Current Assets			
Stocks	12	29	26
Debtors	13	423	322
Cash at bank and in hand		97	802
		549	1,150
Creditors - amounts falling due within one year	14	(279)	(426)
Net Current Assets		270	724
Total assets less current liabilities		1,178	1,687
Provision for liabilities	15	(70)	(66)
Net Assets		1,108	1,621
Capital and Reserves			
Called up share capital	16	70	70
Share premium account		4	4
Revaluation reserve		23	23
Capital redemption reserve		27	27
Profit and loss account		984	1,497
Shareholders' Funds		1,108	1,621

The accompanying notes are an integral part of these financial statements.

A statement of movements in reserves is given in the Statement of Changes in Equity.

The financial statements of Advanced Engineering Solutions Limited (Company number 03082093) were approved by the Board of Directors and authorised for issue on 15 February 2023



Mr S Dray

Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Called-up Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Profit & Loss Account £'000	Shareholders' Funds £'000
Balance at 01 April 2020	70	4	23	27	1,640	1,764
Loss for the financial period	-	-	-	-	(117)	(117)
Prior year adjustment	-	-	-	-	(26)	(26)
Balance at 31 March 2021	70	4	23	27	1,497	1,621
Loss for the financial period	-	-	-	-	(63)	(63)
Dividends (Note 9)	-	-	-	-	(450)	(450)
Balance at 31 March 2022	70	4	23	27	984	1,108

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

a) General information and basis of accounting

Advanced Engineering Solutions Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Green Lane, Walsall, England, WS2 7PD.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, SSI Services (UK) Limited. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, remuneration of key management personnel and related party transactions.

b) Going Concern

AES has a cash position of £97,000 (2021: £802,000) and net assets of £1,108,000 (2021 restated: £1,621,000) and it is expected to remain in a positive cash and net asset position over the going concern period. As disclosed in note 18 AES is part of the Hydriades IV Limited Group who have cash of £101,682,000 (2021 restated: £52,601,000) and net assets of £6,627,000 (2021: £44,599,000) and is expected to remain in a positive cash and net asset position over the going concern period. Hydriades IV Limited has provided a letter of support to the company confirming that it will support the company if required for a period of 12 months from the date of approval of the financial statements. As a consequence of the above, the Directors believe that the Company is well placed to manage its business and financial risks successfully.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. *Statement of Accounting Policies (continued)*

b) Going Concern (continued)

After making reasonable enquiries, the Directors have a reasonable expectation that the Company has adequate available resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

c) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax. Where there are transactions which are gradually performed over time, revenue is recognised as the contract activity progresses to reflect the partial performance of contractual obligations. The amount of revenue included within turnover reflects the accrual of the right to consideration as contract activity progresses by reference to the value of the work performed.

d) Patents

Patents are capitalised at cost in the year of acquisition. Amortisation is provided to write off the cost of patents over the period for which rights are granted under the patent. Post acquisition patents are amortised over 3 years.

e) Dividends

Dividends are recognised in the profit and loss account if they have been paid or if they have been approved by the Company's Board and shareholders before the period end.

f) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Statement of Accounting Policies (continued)

f) Financial instruments (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Statement of Accounting Policies (continued)

g) Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

h) Provisions for liabilities – Deferred Tax

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

i) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 2%, 5%, 15% and 33% on cost
Plant & machinery	- 20% - 33.33% on cost and straight line over 8 years
Fixtures and fittings	- 15% on cost
Motor vehicles	- 20% on cost
Office equipment	- 33.33% on cost

j) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Statement of Accounting Policies (continued)

k) Research and development

Expenditure on pure research is written off in the year in which it is incurred. The charge to the profit and loss account consists of total research and development expenditure incurred in the year less recoverable costs on contracts and shared engineering programmes.

Development expenditure related to specific projects from which a future commercial benefit can be expected has been deferred and will be released over the expected period of future related revenue.

Development expenditure incurred prior to the production of capital plant and equipment manufactured in-house has been deferred and will be released over the expected life of the assets concerned.

l) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

m) Hire purchase and leasing

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their useful lives. Those held under finance leases are depreciated over the estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Equipment leased to customers under operating leases is capitalised as Tangible Fixed Assets in the Balance Sheet. Lease income is accounted for in the period to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Statement of Accounting Policies (continued)

n) Pensions costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

o) Software development

Expenditure incurred on the development of software required for the operation of plant and equipment manufactured in-house has been capitalised and will be released over the expected life of the assets to which it relates.

p) Government grants

Grants of a capital nature are credited to a reserve and released to profit over the useful life of the asset concerned. Revenue grants are released to profit when received.

2. Principal accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions in respect of the carrying amounts of assets and liabilities recognised in the financial statements. These are based on historical experience, future forecasts and other factors that are considered to be relevant. It is recognised that historical experience and forecasts change over time and these judgements, estimates and assumptions are therefore reviewed and amended where necessary on a regular basis. However, it is also recognised that the actual outcomes may still differ to the judgements, estimates and assumptions made.

Critical judgements in applying the Company's accounting policies

There were no critical judgements in applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
UK sales	96.20%	96.60%
EC sales	2.80%	3.30%
Rest of the world	1.00%	0.10%
	100%	100%

4. Other operating income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Government grants	-	103
	-	103

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Operating costs

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 Restated £'000
Raw materials and consumables	379	444
Depreciation (note 11)	85	74
Amortisation (note 10)	123	119
Profit/(loss) on disposal of fixed assets	(4)	-
Operating lease costs - plant and machinery	12	12
Operating lease costs - other	1	1
Exchange rate (gain)/loss	5	(1)
Staff costs (note 6)	1,105	1,107
Other operating costs	307	195
	2,013	1,951

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Auditor's remuneration is analysed as follows:		
Fees payable for the audit of the annual accounts	10	4
Total fees payable to the Auditors	10	4

6. Staff Costs

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Wages and salaries	961	973
Social security costs	99	93
Pension costs	45	41
	1,105	1,107

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

Average monthly number of employees (full-time equivalents)	27	27
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Directors' Remuneration

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Emoluments	67	101
Company contributions to money purchase pension schemes	4	4
	72	105

During the year certain Directors received no emoluments from the Company in respect of their services as Directors of the Company. These Directors were remunerated by other Group companies. It is not practicable to allocate the remuneration for these Directors between their services as Directors of the Company and their services as Directors of other Group companies. The total of their emoluments received during their period of service in the year ended 31 March 2022 was £812,000 (2021: £670,000). The highest paid directly employed Director received emoluments of £67,000 (2021: £67,000) and during the year the Company made contributions of £4,000 to a money purchase pension scheme in respect of this Director (2021: £4,000).

The number of Directors holding office at the end of the year, who were active members of Group pension schemes, was as follows:

Money purchase schemes	4	4
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8. Taxation on profit of ordinary activities

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
The tax charge for the year comprises:		
UK corporation tax - current year	-	3
UK corporation tax - prior year adjustment	(13)	(1)
Total current tax	(13)	2
Deferred taxation - origination and reversal of timing differences	(13)	(25)
Deferred taxation - adjustment in respect of prior years	(4)	10
Deferred taxation - rate change	21	-
Total tax credit on profit on ordinary activities	(10)	(13)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Taxation on profit of ordinary activities (continued)

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax	(73)	(130)
Profit multiplied by standard UK corporation tax rate of 19% (2021: 19%)	(19)	(25)
Expenses not deductible for tax purposes (net), including goodwill	(6)	-
Deferred tax provided at lower rate	(3)	-
Effect of change in deferred tax rate	21	-
Tax over or under provided in prior years	(17)	12
Group relief received not paid for	14	-
Total tax charge	(10)	(13)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. Dividends

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Ordinary dividends paid and proposed of £6.42 (2021: £Nil per share)	450	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Intangible Fixed Assets

	Deferred Development £'000	Software Development £'000	Patents £'000	Total £'000
Cost				
At 31 March 2021	1,272	255	209	1,736
Additions	16	-	21	37
Transfer	(11)	-	-	(11)
At 31 March 2022	1,279	255	230	1,762
Amortisation				
At 31 March 2021	951	241	104	1,296
Charge in the period	90	3	30	123
At 31 March 2022	1,041	244	134	1,419
Net Book Value				
At 31 March 2022	238	11	96	343
Net Book Value				
At 31 March 2021	321	14	105	440

11. Tangible Fixed Assets

	Land and Buildings £'000	Fixtures and Fittings £'000	Plant and Machinery £'000	Assets Under Construction £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost							
At 31 March 2021	381	59	706	-	74	191	1,411
Additions	5	23	51	10	17	9	116
Transfer	-	-	11	-	-	-	11
Disposals	-	-	(5)	-	(12)	-	(18)
At 31 March 2022	386	82	764	10	78	200	1,520
Depreciation							
At 31 March 2021	2	55	608	-	63	160	888
Charge for the period	1	2	55	-	9	18	85
Disposals	-	-	(5)	-	(12)	-	(18)
At 31 March 2022	2	56	658	-	59	178	955
Net Book Value							
At 31 March 2022	384	26	106	10	19	22	565
Net Book Value							
At 31 March 2021	379	4	98	-	11	31	523

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Stocks

	31 March 2022 £'000	31 March 2021 Restated £'000
Raw materials and consumables	29	26

13. Debtors

	31 March 2022 £'000	31 March 2021 £'000
Amounts recoverable within one year:		
Trade debtors	246	196
Other debtors	3	2
Prepayments and accrued income	22	44
Accrued income	152	80
	423	322

14. Creditors – amounts falling due within one year

	31 March 2022 £'000	31 March 2021 £'000
Trade creditors	104	195
Accruals and deferred income	93	87
Other creditors	8	6
Other taxes and social security	61	112
Corporation Tax	13	26
	279	426

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Provision for liabilities – Deferred tax

	31 March 2022 £'000	31 March 2021 £'000
Provision for liabilities (deferred tax)	70	66
Balance at 31 March 2022	70	66

The deferred tax movement is as follows:

Balance at 31 March 2021	66	80
Effect of change in deferred tax rate	21	-
PY charge true up	(4)	10
Current year charge	(13)	(25)
Balance at 31 March 2022	70	66

16. Share Capital

	31 March 2022 £'000	31 March 2021 £'000
Allotted, issued and fully paid:		
70,052 ordinary shares of £1 each	70	70

17. Related Party Transactions

As a wholly owned subsidiary of South Staffordshire PLC, the Company has taken advantage of the exemption, under FRS 102, not to disclose transactions with other group companies. There were no other related party transactions requiring disclosure.

18. Ultimate Controlling Party

The immediate parent company is Hydrosave UK Limited which is registered in England and Wales.

During the year the ultimate parent company in the United Kingdom was Hydriades IV Limited, also registered in England and Wales which is the largest UK group preparing consolidated accounts that include Advanced Engineering Solutions Limited. The

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Ultimate Controlling Party (continued)

consolidated accounts for this company can be obtained from its registered office, Green Lane, Walsall, WS2 7PD.

The ultimate controlling party is Arjun Infrastructure Partners Limited a Company registered in England and Wales, which controls and manages and is the General Partner of a UK registered investment entity that acquired a majority equity interest of a holding company of Hydriades IV Limited and therefore of the Group.

19. Prior Period Restatement

During the year, the Directors reviewed the inventory and realised a duplication of materials to the value of £26,000. Following this review, the Directors have adjusted the prior year to recognise the reduced stock value. The effect of this restatement on the balance sheet for the company for the year ending 31 March 2021 is as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As previously reported:

	£'000
Fixed Assets	
Intangible assets	440
Tangible assets	523
	963
Current Assets	
Stocks	52
Debtors	322
Cash at bank and in hand	802
	1,176
Creditors - amounts falling due within one year	(426)
Net Current Assets	750
Total assets less current liabilities	1,713
Provision for liabilities	(66)
Net Assets	1,647

As restated:

	£'000
Fixed Assets	
Intangible assets	440
Tangible assets	523
	963
Current Assets	
Stocks	26
Debtors	322
Cash at bank and in hand	802
	1,150
Creditors - amounts falling due within one year	(426)
Net Current Assets	724
Total assets less current liabilities	1,687
Provision for liabilities	(66)
Net Assets	1,621