

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
ALLOY FABWELD LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2023**

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ALLOY FABWELD LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS:

S R Pledger
D T Maidstone
M Williams

REGISTERED OFFICE:

Rae House
49 Dane Street
Bishop's Stortford
Herts
CM23 3BT

BUSINESS ADDRESS:

Unit 5
Zone C
Chelmsford Road Industrial Estate
Great Dunmow
Essex
CM6 1HD

REGISTERED NUMBER:

03196009 (England and Wales)

INDEPENDENT AUDITORS:

Barrow LLP
Registered Auditors
Jackson House
Station Road
Chingford
London
E4 7BU

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their strategic report for the year ended 31 March 2023.

REVIEW OF BUSINESS

The Company is a specialist in the bespoke design, manufacture, and installation of architectural metalwork servicing customers across the UK in the residential, commercial and infrastructure sectors.

The trading period to March 2023 has not been easy although I am pleased to report that progress has been made in improving the trading performance over the previous year ending March 2022.

The company returned to profitability in June 2023. We are reporting a loss of £1.2M on a turnover of £12m. This is a significant improvement on the previous year and combined with our return to profitability is good news and I believe we are well placed to grow both turnover and profit in the coming year.

The delay to returning to profitability are numerous and include the negative impact of increased material prices, skilled labour and recruitment costs, elevated energy costs and the run out of poor performing contracts where margins were significantly below those expected due to the increased cost pressures.

OUTLOOK

The business return to profitability in June 2023 was an important milestone and the business is forecast to deliver a profit of £250k to March 2024.

The construction sector in general has slowed in line with the economy. In the residential sector we have experienced jobs being slowed, postponed, or simply not starting. The improving outlook, falling inflation and predicted reduced mortgage interest rates is having a positive impact on housebuilding, with new sites being announced recently. The commercial and infrastructure sectors fared better than housebuilding. The construction sector and its supply chain has also experienced a tightening of cash management resulting in a general slowing of cash flows, I do not see this improving in the near term.

On a positive note, raw material (steel/alloys) pricing has become less volatile, although prices have also reduced, some remain elevated from 2021 levels. I am very pleased to report that the legacy projects where we needed to honour fixed price contract terms have largely ended. In recent times we have worked with our customers to improve contract payment terms leading to improved cashflows alongside increasing margins.

Skilled labour remains a challenge and has held the business back during the period. During 2023 we welcomed a small number of skilled welders from the Philippines in tandem with introducing a new 3-year apprentice strategy working closely with a local Further Education provider.

In 2022 we recruited a new position of a Chief Executive and in June of 2023 we recruited an experienced Finance Director further strengthening the board and governance.

The secured forward order book remains strong, with a current confirmed order book of £15.3m, and a strong pipeline of opportunities. During 2022 we introduced our innovative 3S balcony product for high rise buildings, a unique system that is tailor made to the client's specifications and I am pleased to say that we are experiencing good sales and great interest in this exciting new product range.

We are also enjoying significant growth in our remediation specialism; with our experienced design team and strong project management expertise this is an area where we are planning to develop significant growth in the future.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

PRINCIPAL RISKS AND UNCERTAINTIES

We expect 2024 to be a year of good growth for the company, we are enjoying significant interest from existing and new clients and are already seeing our customers in the housing sector returning to developments, unlocking new business for us. The interest in our new product lines and our work in the remediation sectors, and the general spread of our client base across residential (both housing associations and developers) and infrastructure and the leisure and entertainment sectors is proving a valuable strategic asset as we weather the storm of a slowing economy.

Health and Safety (H&S) is an important focus - we have an ongoing commitment to director and board awareness in addition to a continued focus working closely with our customers, both on site where we have engineers and technicians at work and in our factories. Directors are expected to undertake regular walkarounds and work with executives on findings and areas for improvement. Our designers work closely with our clients to reduce site risk through product designs.

During 2023 we secured agreement for access to new lines of working capital funding, and we expect to develop this further in 2024. . The return to profit in June 2023, increased access to new credit lines and the option of additional funds from a shareholder if needed ensure that we are on a strong footing for the year ahead.

Skills risk: we introduced a three-year apprentice programme in 2022 and in 2023 welcomed a further three apprentices with an ambition to grow to an annual intake of 10% of our workforce in apprenticeships by the end of 2025. During 2023 we recruited a small cohort of skilled welders from overseas, this programme may be expanded in 2024 increasing the numbers of welders recruited.

Environment risk - we are proud that our principal manufacturing site in Gosfield, Essex is completely powered by off grid green energy and our plans to develop a new facility are ongoing with a new factory, doubling our capacity expected to be confirmed this year for completing in 2025. We are also developing a new transporter solution, to significantly increase the number of pre-assembled balcony systems (3S balcony) per load thus reducing emissions on delivery into sites including central London.

OPPORTUNITIES

Profit growth - during 2022 we introduced a new leadership structure and have invested heavily in training and development of the executive management team to deliver a culture of increased accountability, visibility, and responsibility leadership.

Strategic research partnerships - we pride ourselves in our innovation and research capacity. We have proved through client delivery that we can work with main tier one and original equipment manufacturers (OEM) to design, develop and deliver research and innovation at far greater speeds than they can internally. This has led to several partnership discussions that are ongoing - it is an area we believe will grow during the coming year.

During 2024 we expect to conclude a claim in relation to a significant modular design and manufacturing venture that was cancelled by a principal partner in 2022.

RESEARCH AND DEVELOPMENT

We are working in partnership with a major UK technology company to develop and accelerate the introduction of a proven new technology into the UK market with a launch expected in 2025. Our partner is a market leading global technology company and if this pilot stage project is successful, I anticipate several new applications for this partnership in the modular construction sector.

The company is in discussion with the Advanced Manufacturing Research Centre (AMRC) in Sheffield developing projects to introduce increased automation in our manufacturing operations. We expect to secure grant funding in 2024 to introduce new technologies working with Make UK (Made Smarter) and AMRC.

ON BEHALF OF THE BOARD:

M Williams - Director

31 March 2024

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of light engineering and there has been no significant change in this activity during the year.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023.

DIRECTORS

The directors during the year under review were:

S R Pledger
D T Maidstone

The beneficial interests of the directors holding office on 31 March 2023 in the issued share capital of the company were as follows:

	31.3.23	1.4.22
Ordinary £1 shares		
S R Pledger	50	50
D T Maidstone	-	-

CHARITABLE DONATIONS

During the year the company made charitable contributions totalling £31,685 (2022 - £129,488). These contributions were made in furtherance of the company's charitable objectives.

DIRECTORS' INDEMNITY

As permitted by the articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained Directors' and Officers' liability insurance during the year in respect of itself and its directors.

STATUTORY INFORMATION

Further information required to be disclosed within the Director's report is set out in the Strategic report in accordance with section 414C (11) of the Companies Act 2006.

GOING CONCERN

The company delivered an operating loss of £1.2m in the financial year to the end of March 2023. These losses are mainly through poor performing contracts due to irrecoverable significant price increases in materials, labour, and logistics. At the time of writing this report the business has produced profits of £130k and is forecasting to deliver a profit of £250k in the financial year ending March 2024.

In considering the appropriateness of the going concern basis for the preparation of these financial statements, the directors have considered the working capital requirements of the company for the short, medium, and longer term. They have reviewed the cash flow forecasts and considered the future funding requirements which show that the company may require further financing to support near term trading performance. Based on the continued support from a shareholder, the directors have formed a judgement that the business has access to adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Barrow LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M Williams - Director

31 March 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD LIMITED

Opinion

We have audited the financial statements of Alloy Fabweld Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and Loss Account and Retained Earnings, Balance Sheet, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 31 March 2023 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 the audit:

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLOY FABWELD 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 Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Members that presented a risk of material misstatement due to fraud.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards, the Financial Conduct Authority's and tax regulations.

We focused on laws and regulations that could give rise to material misstatement in the financial statements. Our tests included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management, the company directors, and those responsible for legal and compliance procedures.; and
- Review of the minutes of board meetings throughout the period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALLOY FABWELD LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

T P Curtis (Senior Statutory Auditor)
for and on behalf of Barrow LLP
Registered Auditors
Jackson House
Station Road
Chingford
London
E4 7BU

31 March 2024

**PROFIT AND LOSS ACCOUNT AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	31.3.23 £	31.3.22 £
TURNOVER	5	11,937,863	14,071,849
Cost of sales		<u>10,369,082</u>	<u>13,574,589</u>
GROSS PROFIT		1,568,781	497,260
Administrative expenses		<u>2,851,868</u> (1,283,087)	<u>2,655,992</u> (2,158,732)
Other operating income		<u>3,883</u>	<u>26,771</u>
OPERATING LOSS	7	(1,279,204)	(2,131,961)
Interest receivable and similar income		<u>636</u> (1,278,568)	<u>58</u> (2,131,903)
Interest payable and similar expenses	8	<u>52,779</u> (1,331,347)	<u>22,717</u> (2,154,620)
LOSS BEFORE TAXATION			
Tax on loss	9	<u>(161,747)</u>	<u>(419,166)</u>
LOSS FOR THE FINANCIAL YEAR		(1,169,600)	(1,735,454)
Retained earnings at beginning of year		2,047,343	3,782,797
RETAINED EARNINGS AT END OF YEAR		<u>877,743</u>	<u>2,047,343</u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2023

	Notes	31.3.23 £	£	31.3.22 £	£
FIXED ASSETS					
Tangible assets	10		640,350		740,867
Investments	11		<u>5,100</u>		<u>5,100</u>
			645,450		745,967
CURRENT ASSETS					
Stocks	12	318,829		238,523	
Debtors	13	4,780,554		5,204,971	
Cash at bank and in hand		<u>56,493</u>		<u>492,272</u>	
		5,155,876		5,935,766	
CREDITORS					
Amounts falling due within one year	14	<u>4,738,747</u>		<u>4,132,341</u>	
NET CURRENT ASSETS			<u>417,129</u>		<u>1,803,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,062,579</u>		<u>2,549,392</u>
CREDITORS					
Amounts falling due after more than one year	15		<u>184,736</u>		<u>501,949</u>
NET ASSETS			<u>877,843</u>		<u>2,047,443</u>
CAPITAL AND RESERVES					
Called up share capital	19		100		100
Retained earnings			<u>877,743</u>		<u>2,047,343</u>
SHAREHOLDERS' FUNDS			<u>877,843</u>		<u>2,047,443</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2024 and were signed on its behalf by:

M Williams - Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	(1,292,615)	(917,963)
Interest paid		(48,884)	(17,012)
Interest element of hire purchase payments paid		(3,895)	(5,705)
Tax paid		404,883	328,511
Net cash from operating activities		<u>(940,511)</u>	<u>(612,169)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(14,004)	(50,639)
Sale of tangible fixed assets		2,875	13,334
Current asset investment		-	285,850
Interest received		636	58
Net cash from investing activities		<u>(10,493)</u>	<u>248,603</u>
Cash flows from financing activities			
Loan repayments in year		216,298	(216,297)
Capital repayments in year		(65,861)	(60,643)
Amount withdrawn by directors		211,792	65,817
Net cash from financing activities		<u>362,229</u>	<u>(211,123)</u>
Decrease in cash and cash equivalents		<u>(588,775)</u>	<u>(574,689)</u>
Cash and cash equivalents at beginning of year	2	492,272	1,066,961
Cash and cash equivalents at end of year	2	<u>(96,503)</u>	<u>492,272</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.23	31.3.22
	£	£
Loss before taxation	(1,331,347)	(2,154,620)
Depreciation charges	106,531	112,387
Loss on disposal of fixed assets	5,117	9,703
Government grants	(264)	-
Finance costs	52,779	22,717
Finance income	(636)	(58)
	<u>(1,167,820)</u>	<u>(2,009,871)</u>
Increase in stocks	(80,306)	(66,853)
(Increase)/decrease in trade and other debtors	(227,590)	875,638
Increase in trade and other creditors	183,101	283,123
Cash generated from operations	<u><u>(1,292,615)</u></u>	<u><u>(917,963)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	56,493	492,272
Bank overdrafts	(152,996)	-
	<u><u>(96,503)</u></u>	<u><u>492,272</u></u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u><u>492,272</u></u>	<u><u>1,066,961</u></u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	492,272	(435,779)	56,493
Bank overdrafts	-	(152,996)	(152,996)
	<u>492,272</u>	<u>(588,775)</u>	<u>(96,503)</u>
Debt			
Finance leases	(145,366)	65,861	(79,505)
Debts falling due within 1 year	(210,505)	(50,355)	(260,860)
Debts falling due after 1 year	(422,441)	260,317	(162,124)
	<u>(778,312)</u>	<u>275,823</u>	<u>(502,489)</u>
Total	<u>(286,040)</u>	<u>(312,952)</u>	<u>(598,992)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. **STATUTORY INFORMATION**

Alloy Fabweld Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office along with trading addresses can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

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

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Some of the items within these financial statements have been reclassified to improve the comparability, reliability and relevance of the financial statements.

Going concern

The company delivered an operating loss of £1.2m in the financial year to the end of March 2023. These losses are mainly through poor performing contracts due to irrecoverable significant price increases in materials, labour, and logistics. At the time of writing this report the business has produced profits of £130k and is forecasting to deliver a profit of £250k in the financial year ending March 2024.

In considering the appropriateness of the going concern basis for the preparation of these financial statements, the directors have considered the working capital requirements of the company for the short, medium, and longer term. They have reviewed the cash flow forecasts and considered the future funding requirements which show that the company may require further financing to support near term trading performance. Based on the continued support from a shareholder, the directors have formed a judgement that the business has access to adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements does not contain the information about Lime Metals Limited which is an only wholly owned subsidiary of the company. The company has taken the exemption in accordance with section 405(2) of the Companies Act 2006 from preparing the group accounts.

Turnover

Turnover is measured by the company at the fair value of the consideration received or receivable for goods and services provided, net of trade discounts and value added tax. It represents the value of work carried out during the year, including amounts not invoiced. When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the year end date. Revenue is therefore recognised on the basis of the proportion of total costs at the year end date to the total estimated costs of each respective contract.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed should there be an indication of a significant change in expectation of any tangible fixed assets' ability to generate future economic benefit.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write each asset down to its estimated residual value over its expected useful life. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property - Straight line over 50 years

Plant & fixtures - Straight line over 10 years

Motor vehicles - 25% on reducing balance

Office equipment - Straight line over 5 years

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, tools, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instruments.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes, in effect, 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.

Other financial instruments 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. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss immediately.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax computations different from those which are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension 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 profit or loss in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances.

Going concern

In preparing these accounts, the directors believe it is appropriate to adopt the going concern assumption based on the return to profitability of the company and their forecasts that the company will continue to have sufficient resources for its ongoing operations.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

The Company recognises revenue from the provision of services provided through a service contract and as the activity progresses. In making its judgement as to the value of work performed, and the estimate of costs to complete the contractual services (including any foreseeable cost overruns), management consider that while there is a degree of judgement in determining these factors, there is sufficient certainty to ensure that the company meets the requirements of FRS 102 in relation to revenue recognition.

Allowance for doubtful debts

Management undertakes a review of all new customers and a periodic review of existing customers to determine whether specific risks of default exist. Beyond identification of specific risks, management undertakes periodic reviews into the calculation of provisions for doubtful debts to ensure historic trends continue to provide a basis for determining a reliable estimate for such doubtful debts.

Determining residual values and useful economic lives of fixed assets

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Taxation

The company establishes provisions based on reasonable estimates, in order to comply with applicable tax legislation. Management estimation is required to determine the amount of deferred tax assets and future research and development claims, that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

5. **TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.23	31.3.22
	£	£
United Kingdom	11,937,863	14,071,849
	<u>11,937,863</u>	<u>14,071,849</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

6. **EMPLOYEES AND DIRECTORS**

	31.3.23	31.3.22
	£	£
Wages and salaries	4,036,527	3,151,639
Social security costs	153,982	322,029
Other pension costs	19,915	62,407
	<u>4,210,424</u>	<u>3,536,075</u>

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

	31.3.23	31.3.22
Directors	3	2
Direct staff	59	69
Administration	14	16
	<u>76</u>	<u>87</u>

	31.3.23	31.3.22
	£	£
Directors' remuneration	<u>140,000</u>	<u>140,000</u>

7. **OPERATING LOSS**

The operating loss is stated after charging:

	31.3.23	31.3.22
	£	£
Other operating leases	88,206	68,477
Depreciation - owned assets	106,529	112,387
Loss on disposal of fixed assets	5,117	9,703
Auditors' remuneration	20,000	20,000
Foreign exchange differences	-	403
	<u>-</u>	<u>403</u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.23	31.3.22
	£	£
Bank interest	18,918	11,981
Bank loan interest	29,966	5,031
Hire purchase interest	3,895	5,705
	<u>52,779</u>	<u>22,717</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

9. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	31.3.23 £	31.3.22 £
Current tax:		
Research & development claims	(161,747)	(419,166)
Tax on loss	<u>(161,747)</u>	<u>(419,166)</u>

UK corporation tax has been charged at 19% (2022 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.23 £	31.3.22 £
Loss before tax	<u>(1,331,347)</u>	<u>(2,154,620)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(252,956)	(409,378)
Effects of:		
Expenses not deductible for tax purposes	11,874	16,057
Depreciation in excess of capital allowances	31,381	25,850
R&D Debtor	(161,747)	(419,166)
Unutilised losses carried forward	<u>209,701</u>	<u>367,471</u>
Total tax credit	<u>(161,747)</u>	<u>(419,166)</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & fixtures £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 April 2022	216,939	734,945	177,788	174,788	1,304,460
Additions	-	1,850	-	12,154	14,004
Disposals	-	-	(71,894)	-	(71,894)
At 31 March 2023	<u>216,939</u>	<u>736,795</u>	<u>105,894</u>	<u>186,942</u>	<u>1,246,570</u>
DEPRECIATION					
At 1 April 2022	18,930	303,598	129,398	111,667	563,593
Charge for year	3,338	75,782	10,300	17,109	106,529
Eliminated on disposal	-	-	(63,902)	-	(63,902)
At 31 March 2023	<u>22,268</u>	<u>379,380</u>	<u>75,796</u>	<u>128,776</u>	<u>606,220</u>
NET BOOK VALUE					
At 31 March 2023	<u>194,671</u>	<u>357,415</u>	<u>30,098</u>	<u>58,166</u>	<u>640,350</u>
At 31 March 2022	<u>198,009</u>	<u>431,347</u>	<u>48,390</u>	<u>63,121</u>	<u>740,867</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

10. **TANGIBLE FIXED ASSETS - continued**

Included in cost of land and buildings is freehold land of £ 50,000 (2022 - £ 50,000) which is not depreciated.

Included within the cost of plant and fixture above, is the assets of £157,939 held under the finance lease.

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the value in use supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

11. **FIXED ASSET INVESTMENTS**

Shares in
group
undertakings
£

COST

At 1 April 2022

and 31 March 2023

5,100

NET BOOK VALUE

At 31 March 2023

5,100

At 31 March 2022

5,100

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Lime Metals Limited

Registered office: Rae House, Dane Street, Bishop's Stortford, Hertfordshire, CM23 3BT

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00	31.7.22 £ 100	31.7.21 £ 100
Aggregate capital and reserves			

Associated company

Hunwick Engineering Limited

Registered office: Maple Unit Gosfield Business Park, The Old Airfield, Gosfield, Essex, England, CO9 1SA

Nature of business: Manufacture of metal structures

	% holding		
Class of shares:			
Ordinary	50.00	31.3.23 £ (283,429)	31.3.22 £ (163,803)
Aggregate capital and reserves			
Loss for the year		(119,626)	(198,291)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

12. STOCKS	31.3.23 £	31.3.22 £
Stocks	<u>318,829</u>	<u>238,523</u>
13. DEBTORS	31.3.23 £	31.3.22 £
Amounts falling due within one year:		
Trade debtors	987,818	965,182
Amounts due from construction contracts	1,928,382	2,268,114
Value added tax	93,034	116,059
Amount owed by related party	98,221	270,063
Corporation tax recoverable	141,529	419,166
Prepayments	208,098	102,772
Other debtors	<u>723,739</u>	<u>310,273</u>
	<u>4,180,821</u>	<u>4,451,629</u>
Amounts falling due after more than one year:		
Amounts due from construction contracts	<u>599,733</u>	<u>753,342</u>
	<u>599,733</u>	<u>753,342</u>
Aggregate amounts	<u>4,780,554</u>	<u>5,204,971</u>
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.23 £	31.3.22 £
Bank loans and overdrafts (see note 16)	413,856	210,505
Hire purchase contracts (see note 17)	56,893	65,858
Trade creditors	2,587,891	2,012,452
Corporation tax	-	34,501
Social security and other taxes	239,856	204,524
Other creditors	9,816	10,793
Amount owed to related parties	482,865	89,778
Amounts payable on construction contracts	488,555	1,169,596
Directors' current accounts	308,146	96,354
Accruals and deferred income	<u>150,869</u>	<u>237,980</u>
	<u>4,738,747</u>	<u>4,132,341</u>
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.3.23 £	31.3.22 £
Bank loans (see note 16)	162,124	422,441
Hire purchase contracts (see note 17)	<u>22,612</u>	<u>79,508</u>
	<u>184,736</u>	<u>501,949</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

16. **LOANS**

An analysis of the maturity of loans is given below:

	31.3.23 £	31.3.22 £
Amounts falling due within one year or on demand:		
Bank overdrafts	152,996	-
Bank loans	<u>260,860</u>	<u>210,505</u>
	<u>413,856</u>	<u>210,505</u>
Amounts falling due between one and two years:		
Bank loans	<u>72,838</u>	<u>115,266</u>
Amounts falling due between two and five years:		
Bank loans	<u>89,286</u>	<u>256,514</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>50,661</u>

The company has in place two long term loans from its bankers on which the bank has a fixed and floating charge over the assets of the company.

Included in bank loans is an amount £83,698 (2022 - £91,279) which is repayable by May 2031 at an interest rate bank base rate plus 2.88% per annum. The company also has a Corona Virus Business Interruption Loan of £339,286 (2022 - £541,667) payable in 50 instalments with the last payment being due in May 2027.

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.23 £	31.3.22 £
Net obligations repayable:		
Within one year	56,893	65,858
Between one and five years	<u>22,612</u>	<u>79,508</u>
	<u>79,505</u>	<u>145,366</u>
	Non-cancellable operating leases	
	31.3.23 £	31.3.22 £
Within one year	333,164	275,973
Between one and five years	<u>38,167</u>	<u>200,175</u>
	<u>371,331</u>	<u>476,148</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.23	31.3.22
	£	£
Bank overdraft	152,996	-
Bank loans	422,984	632,946
Hire purchase contracts	79,505	145,366
	<u>655,485</u>	<u>778,312</u>

Bank loans and overdraft are secured by a fixed and floating charge over the company's assets.

The hire purchase liabilities are secured against related assets.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.23	31.3.22
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

20. PENSION COMMITMENTS

The company operates a defined contribution scheme in respect of directors and employees. The charge for the year to this scheme was £19,915 (2022 - £62,406) in respect of employees and £2,642 (2022 - £2,641) in respect of directors. At the year end there were unpaid contributions of £10,804 (2022 - £9,597).

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2023 and 31 March 2022:

	31.3.23	31.3.22
	£	£
S R Pledger		
Balance outstanding at start of year	(96,354)	(5,004)
Amounts advanced	-	200
Amounts repaid	(211,792)	(91,550)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(308,146)</u>	<u>(96,354)</u>

22. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

Hadham Engineering Limited

During the year the company traded services with Hadham Limited, a company which is owned by a co-shareholder. All transactions were dealt with on a normal trading basis. There were a sale of goods and services during the year totalling £Nil (2022 - £Nil). The company made purchases from Hadham Engineering Limited during the year of £47,341 (2022 - £104,862). The company owed £Nil (2022 - £Nil) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

Entities over which the entity has control, joint control or significant influence

S&L Plant

During the year the company traded services with S & L Plant, which is a trading partnership between a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were purchases of services during the year totalling £446,981 (2022 - £482,841). The company owed £92,072 (2022 - £89,778) at the balance sheet date.

Rebel Strength Limited

During the year the company traded services with Rebel Strength Limited, a company owned by a director and co-shareholders. All transactions were dealt with on a normal trading basis. The company recharged overheads of £27,464 (2022 - £27,629). There were also services totalling £Nil (2022 - £Nil) and purchases of £92,740 (2022 - £202,993) during the year. The amount owed by the company to Rebel Strength Limited at the balance sheet date was £35,824 (2022- £1,902) and the amount owed by Rebel Strength to the Company at the balance sheet date was £62,570 (2022 - £97,985).

Flexi Group Limited

During the year the company traded services with Flexi Group Limited, a company owned by a director and a co-shareholder. All transactions were dealt with on a normal trading basis. There were sale of services during the year totalling £164,095 (2022 - £1,363,070). There were purchases of services and material of £501,651 (2022- £504,898). The amount owed by the company at the balance sheet date was £671,956 (2022 - £415,002). At the balance sheet date the amount owed to the company by Flexi Group Limited was £537,911 (2022- £425,219).

Hunwick Engineering Limited

During the year the company traded services with Hunwick Engineering Limited, a company 50% owned by Alloy Fabweld Limited. All transactions were dealt with on a normal trading basis. There were sales of services during the year totalling £32,939 (2022 - £62,659). There were purchases of services and material of £574,160 (2022- £919,117). The amount owed by the company at the balance sheet date was £152,090 (2022 - £131,236) and the amount owed to the company by Hunwick Engineering Ltd at the balance sheet date was £3,173 (2022 - £295,000).

Key management personnel of the entity or its parent (in the aggregate)

During the year the company occupied premises owned by a director and co-shareholders. The company paid rent of £117,660 in respect thereof (2022 - £117,660).

Personal guarantees have been given by S R Pledger and L S Kirtland individually and jointly in support of the company's bank overdraft facility which is limited to £250,000 overall and £125,000 to each individual.

Other related parties

Key management personnel compensation

Directors and key staff

The total remuneration of directors and other key staff members in 2023 (including salaries and other benefits) was £750,329 (2022 - £560,950).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.