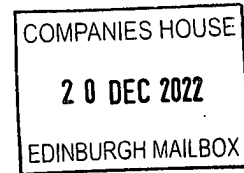


Company Registration No. 06534289 (England and Wales)



**FAIRPORT ENGINEERING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2022**



**Directors**

S M Hale  
G R Holmes  
N D Hyde  
E P Simon  
D P D Weatherill

**Company Number**

06534289

**Registered Office**

px House  
Westpoint Road  
Thornaby  
Stockton on Tees  
TS17 6BF

**Auditor**

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

## Strategic report

### For the period ended 31 March 2022

The directors present the strategic report for the 15-month period ended 31 March 2022.

#### Principal activities and review of the business

On 30 March 2022, px Holdings Limited, a company incorporated in England and Wales, acquired 100% of the share capital of the company's parent undertaking, FEL Holdings Limited.

On 20 May 2022 the company extended its accounting period from 31 December 2021 to 31 March 2022 and consequently these financial statements contain results for the 15-month period to 31 March 2022 with the comparative period being for the year ended 31 December 2020.

The principal activity of the company continued to be selling Turnkey Design and Build plant to the material suppliers of the construction industry and also the power, material recycling, chemical and food industries. The Company also provides engineering services to perform Feasibility Studies, Front End Engineering Designs (FEED's) and EPCM activities.

The results for the 15-month period and financial position of the company are as shown in the annexed financial statements. The results show a significant increase in turnover and operating profit compared to the year ended 31 December 2020. During the period, the company acquired the trade and assets of a mining business which has enhanced the service offering of the company. The results to the 31 December 2020 saw a significant decrease in turnover and operating profit compared to previous years. The results were severely impacted by the Covid 19 Pandemic which virtually brought a halt to any significant projects being placed for most of the year. In the final quarter of that year, the markets in which the company operates began to re-open for business and the performance of the company began to return to more normalised levels. This has continued throughout the 15-month period to 31 March 2022. Through the strong bonds with its clients both in the UK and abroad, the company continues to benefit from a large amount of repeat business.

The balance sheet at the period end shows a net asset position of £5.0 million (2020: £5.2 million).

#### Principal risks and uncertainties

The pressures of exiting the Covid-19 pandemic, the Ukraine crisis and general inflation have created difficulties with material procurement and cost volatility. It is uncertain how this will unfold in the year ahead however, the company continues to take steps to monitor and control the difficulties while maintaining good communications with customers and suppliers.

In line with good industry practice, the company has in place appropriate risk management systems and controls. Credit assessment practices are in place to mitigate the risk of late or non-payment by customers.

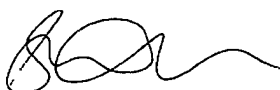
#### Covid-19

The company has continued to monitor the progression and impacts of Covid-19 and the ability to operate its business safely and without loss of service has been maintained.

#### Key performance indicators

The key financial performance indicator is comparison of EBITDA with the approved budget. The approved budgeted EBITDA was exceeded in the period.

On behalf of the board



S M Hale  
Director

16 December 2022

## Directors' Report

for the period ended 31 March 2022

The directors present their annual report and financial statements for the period ended 31 March 2022.

### Principal Activities

The principal activities of the company are materials handling engineering, structural engineering, mechanical engineering and process engineering. These activities are regarded by the directors as a single class of engineering business.

### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P A Fitton	resigned 30 March 2022
S M Hale	appointed 30 March 2022
G R Holmes	appointed 30 March 2022
N D Hyde	
E P Simon	
D P D Weatherill	appointed 30 March 2022

### Results and Dividends

A dividend of £850,000 was paid in the period (2020: £250,000). The directors do not recommend payment of a final dividend (2020: none).

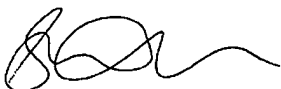
### Auditor

Johnston Carmichael LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S M Hale  
Director

16 December 2022

## **Statement of Directors' Responsibilities**

**For the period ended 31 March 2022**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and 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; 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 Fairport Engineering Limited**

#### **Opinion**

We have audited the financial statements of Fairport Engineering Limited (the 'company') for the period ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and 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 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 company's affairs as at 31 March 2022 and of its profit for the period 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 below. 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.

## **Independent auditor's report (continued)**

**to the members of Fairport Engineering Limited**

### **Other information**

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities on page 4, 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 (continued)**

**to the members of Fairport Engineering Limited**

### **Auditor's responsibilities for the audit of the financial statements**

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

### *Extent to which an audit is considered capable of detecting irregularities, including fraud*

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

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP;
- Companies Act 2006;
- Corporation Tax Legislation;
- VAT Legislation; and
- UK Employment Law.

We gained an understanding of how the company is complying with these laws and regulations through communication and correspondences held between the audit engagement team and those charged with governance of the company. We corroborated these enquiries through review of board meeting minutes and reviewing level and reasoning behind the company's procurement of legal and professional services. In addition, we have reviewed legal and professional fees to identify indications of actual or potential litigation, claims and non-compliance with laws and regulations, not reported to us by management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

## **Independent auditor's report (continued)**

### **to the members of Fairport Engineering Limited**

#### *Extent to which an audit is considered capable of detecting irregularities, including fraud (continued)*

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud;
- Reviewing level and reasoning behind the company's procurement of legal and professional services;
- Performing audit work over the risk of management 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 judgements made by management in their calculation of accounting estimates for potential management bias;
- Where appropriate, using Data Analytics techniques to review transaction data for unusual or unexpected journal entries and transactions throughout the accounting period, including review for appropriateness and whether they were outside the normal course of business;
- Reviewing management's financial control processes around the approval and recording of transactions;
- Evaluating management's internal financial control processes designed to prevent and detect irregularities which the company has in place; and
- Review of reporting information available for the period post year-end to date of signing this report for any abnormal trends or unexplained movements to mitigate the risk of management override of controls to date of approval of the financial statements.

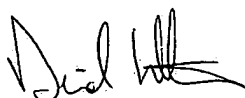
Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

**Independent auditor's report (continued)**  
**to the members of Fairport Engineering Limited**

**Use of our report**

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



**David Wilson (Senior Statutory Auditor)**  
**for and on behalf of Johnston Carmichael LLP**

19 December 2022

**Chartered Accountants**  
**Statutory Auditor**

Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

## Statement of Comprehensive Income

for the period ended 31 March 2022

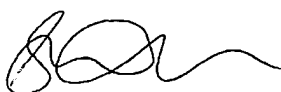
	Notes	2022 £000	2020 £000
<b>Turnover</b>	<b>3</b>	<b>21,298</b>	<b>4,077</b>
Cost of Sales		(15,952)	(2,088)
<b>Gross profit</b>		<b>5,346</b>	<b>1,989</b>
Administrative expenses		(4,646)	(2,241)
Other operating income	4	242	214
<b>Operating profit/(loss)</b>		<b>942</b>	<b>(38)</b>
Interest payable and similar charges	8	(4)	(4)
<b>Profit/(loss) before taxation</b>		<b>938</b>	<b>(42)</b>
Taxation	9	(213)	–
<b>Profit/(loss) for the financial period/year</b>		<b>725</b>	<b>(42)</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

**Balance Sheet****at 31 March 2022**

	Notes	2022 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	11	300	363
Tangible assets	12	195	148
Investments	13	4	240
		<u>499</u>	<u>751</u>
<b>Current assets</b>			
Stock	14	203	–
Debtors	15	5,966	4,201
Cash at bank and in hand		2,943	1,481
		<u>9,112</u>	<u>5,682</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(4,494)</u>	<u>(1,273)</u>
<b>Net current assets</b>		4,618	4,409
<b>Total assets less current liabilities</b>		5,117	5,160
<b>Creditors: amounts falling due after one year</b>	17	(82)	–
<b>Net assets</b>		<u><u>5,035</u></u>	<u><u>5,160</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1,600	1,600
Profit and loss reserve	20	3,435	3,560
<b>Total equity</b>		<u><u>5,035</u></u>	<u><u>5,160</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2022 and are signed on its behalf by:



S M Hale  
Director

Company Registration No. 06534289

## Statement of Changes in Equity

for the period ended 31 March 2022

	Share capital £000	Profit and loss reserve £000	Total £000
At 1 January 2020	1,600	3,852	5,452
Loss and total comprehensive expense for the year	–	(42)	(42)
Dividends	–	(250)	(250)
At 31 December 2020	1,600	3,560	5,160
Profit and total comprehensive income for the period	–	725	725
Dividends	–	(850)	(850)
At 31 March 2022	1,600	3,435	5,035

## Notes to the Financial Statements

for the period ended 31 March 2022

### 1. Accounting policies

#### Company information

Fairport Engineering Limited is a private company limited by shares incorporated in England and Wales.

The registered office is:

px House  
Westpoint Road  
Thornaby  
Stockton on Tees  
TS17 6BF

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with the provisions of FRS 102 and the requirements of the Companies Act 2006.

The company qualifies to use the Reduced Disclosure Framework under paragraphs 1.08 to 1.13 of FRS 102 and has claimed exemptions as follows:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 paragraphs 11.39 to 11.48A relating to financial instrument disclosures; and
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

The results of the company are included in the consolidated financial statements of px Holdco1 Limited, an intermediate parent company which heads the smallest group for which consolidated financial statements are prepared and those financial statements are intended to show a true and fair view. Copies of the consolidated financial statements are available from px House, Westpoint Road, Thornaby, Stockton-on-Tees, TS17 6BF. As the company is a parent company that is also a subsidiary included in the consolidated financial statements of another parent undertaking established under the law of an EEA state it is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006. The financial statements present information about the company as an individual entity and not about its group.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds (£000).

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

#### 1.2 Accounting period

On 20 May 2022 the company extended its accounting period from 31 December 2021 to 31 March 2022 and consequently these financial statements contain results for the 15-month period to 31 March 2022 with the comparative period being for the year ended 31 December 2020.

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.3 Going concern

The directors, having made due and careful enquiry whilst preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations for 12 months from the date of signing these financial statements. The forecasts prepared have been sensitised and take into account any factors which could materially impact the cashflows of the business (positively or negatively) along with plausible mitigating actions which could be taken by the company. Having reviewed the results of the sensitised forecasts, the directors have made an informed judgement, at the same time as approving the financial statements, that there is a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 1.5 Government grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The Government grants received in relation to the Job Retention Scheme are recognised as other operating income in the profit and loss account in the period to which the grants relate.

#### 1.6 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.7 Intangible assets - goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

Amortisation is recognised so as to write off the cost of goodwill over its useful life on the following basis:

- Goodwill 5% on cost, straight-line

#### 1.8 Fixed assets

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

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

- Motor vehicles 25% on cost, straight-line
- Office equipment 25% on cost, straight-line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.10 Investments

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by its group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.11 Stocks

The company has not previously held stock but following the acquisition of the trade and assets described in the strategic report on page 2, stocks are now held. Stocks are stated at cost and represent spare parts which the company holds for its operations.

#### 1.12 Cash and cash equivalents

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

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.13 Financial instruments

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

##### **Basic financial assets**

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

##### **Basic financial liabilities**

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

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

#### 1.14 Equity instruments

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

#### 1.15 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

#### 1.16 Provisions

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

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

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.18 Retirement benefits

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

The Group of companies headed by FEL Holdings Limited, of which the company is a subsidiary, operates a defined benefit pension scheme. It is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by Section 28.11 of FRS 102, the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Comprehensive Income represents contributions payable to the scheme in respect of the accounting period.

#### 1.19 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

This accounting policy requires management to make material estimates and assumptions. These assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, and the related amount of revenue and expenses. The directors review these estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could materially differ from those estimates.

#### 1.20 Leased assets: the company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 31 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

### 2. Judgement and key sources of uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both the current and future periods.*

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### Long term contracts

As disclosed in accounting policy 1.19, the amounts recoverable on contracts and related accruals for the company are based on management's estimates of the stage of completion of each contract and the expected final profit on each contract. Such estimates are revised as each contract progresses and more information becomes available. The amounts recoverable on long term contracts are £1,047,000 (2020: £128,000).

##### Warranty provision

Management estimates the cost of warranty claims based upon past experience. The estimates, disclosed within accruals and deferred income are revised as time progresses and the likelihood of a claim becomes more visible.

##### Impairment of investments

Management has considered the carrying value of the investments and considered factors such as the financial position of the relevant group companies in arriving at the stated valuation at the balance sheet date.

##### Recoverability of amounts owed by group undertakings

Management has considered the carrying value of the amounts owed by group undertakings. They have considered factors such as the trading performance of the relevant group companies and the ability of the relevant group companies to repay their debt. The amounts are deemed recoverable.

##### Amortisation and depreciation of intangible and tangible fixed assets

Management has used judgement to assess the useful economic lives of the company's fixed assets when considering the period over which to amortise or depreciate the relevant assets. Longer or shorter useful economic lives would require different rates or amortisation or depreciation.

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 3. Turnover

The whole of the turnover is attributable to the principal activity of the company:

Analysis of turnover by country of destination:

	2022 £000	2020 £000
United Kingdom	19,230	3,622
Rest of Europe	1,519	56
Rest of the World	549	398
	<u>21,298</u>	<u>4,076</u>

### 4. Other Operating Income

	2022 £000	2020 £000
Dividends receivable	228	–
Government grants receivable – coronavirus job retention scheme	14	214
	<u>242</u>	<u>214</u>

### 5. Operating Profit

The operating profit/(loss) is stated after charging/(crediting):

	2022 £000	2020 £000
Depreciation of tangible fixed assets	162	128
Amortisation of goodwill	63	50
Gain on disposal of fixed assets	(15)	(23)
Impairment of investment in subsidiary	236	48

Audit fees of the company are met by its immediate parent undertaking, Orchid Bioenergy Group Limited.

**Notes to the Financial Statements (continued)****for the period ended 31 March 2022****6. Employees**

The average monthly number of persons, including directors, employed by the company during the period was:

	<i>2022</i> <i>Number</i>	<i>2020</i> <i>Number</i>
Manufacturing and contracting	50	31
Office and management	9	8
	<u>59</u>	<u>39</u>

Their aggregate remuneration comprised:

	<i>2022</i> <i>£000</i>	<i>2020</i> <i>£000</i>
Wages and salaries	4,186	1,722
Social security costs	478	187
Pension costs	241	118
	<u>4,905</u>	<u>2,027</u>

**7. Directors' Remuneration**

	<i>2022</i> <i>£000</i>	<i>2020</i> <i>£000</i>
Directors' emoluments	132	101
Cost of defined contribution pension scheme	3	–
	<u>135</u>	<u>101</u>

**8. Interest payable and similar expenses**

	<i>2022</i> <i>£000</i>	<i>2020</i> <i>£000</i>
Finance leases and hire purchase contracts	4	4
	<u>4</u>	<u>4</u>

**Notes to the Financial Statements (continued)****for the period ended 31 March 2022****9. Taxation**

	2022 £000	2020 £000
<i>Current tax:</i>		
UK corporation tax on profits/(losses) for the period/year	194	11
Adjustment in respect of prior periods	–	1
Total current tax	<u>194</u>	<u>12</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	22	(10)
Adjustment in respect of prior periods	–	–
Effect of changes in tax rate	(3)	(2)
Total deferred tax (note 19)	<u>19</u>	<u>(12)</u>
Total tax charge	<u>213</u>	<u>–</u>

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

	2022 £000	2020 £000
Profit/(loss) before taxation	937	(42)
Tax on profit/(loss) at standard UK rate of 19% (2020: 19%)	178	(8)
Expenses not deductible	38	9
Adjustment from prior periods	–	1
Tax rate changes	(3)	(2)
Taxation charge for the period/year	<u>213</u>	<u>–</u>

A change in the future UK Corporation tax rate to 25% with effect from 1 April 2023 was announced in the March 2021 budget and substantively enacted on 24 May 2021. This change will have a consequential effect on the company's future tax charge in the UK and as the 25% tax rate was substantively enacted prior to the reporting date, deferred tax expected to unwind after 1 April 2023 has been calculated at 25% as opposed to the current tax rate of 19%.

**10. Dividends**

	2022 £000	2020 £000
Dividend paid 53.125p (2020: 15.625p) per share	<u>850</u>	<u>250</u>

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 11. Intangible Assets

	<i>Goodwill</i> <i>£000</i>
<b>Cost</b>	
At 31 December 2020 and 31 March 2022	1,000
<b>Depreciation and impairment</b>	
At 1 January 2021	637
Charge for the period	63
At 31 March 2022	700
<b>Carrying amount</b>	
At 31 March 2022	300
At 31 December 2020	363

### 12. Tangible Fixed Assets

	<i>Motor vehicles £000</i>	<i>Office equipment £000</i>	<i>Total £000</i>
<b>Cost</b>			
At 1 January 2021	399	249	648
Additions	162	46	208
Disposals	(44)	–	(44)
At 31 March 2022	517	295	812
<b>Depreciation</b>			
At 1 January 2021	298	201	499
Charge for the period	84	78	162
Disposals	(44)	–	(44)
	338	279	617
<b>Net book value</b>			
At 31 March 2022	179	16	195
At 31 December 2020	100	48	148

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 13. Fixed Asset Investments

	<i>Investments in subsidiaries £000</i>
<b>Cost</b>	
At 31 December 2020 and 31 March 2022	380
<b>Impairment</b>	
At 1 January 2021	140
Charge for the period	236
At 31 March 2022	376
<b>Carrying amount</b>	
At 31 March 2022	4
At 31 December 2020	240

#### Subsidiary undertaking

Name	Class of shares	Holding
Connick Engineering Limited	Ordinary	100%

Registered address: px House, Westpoint Road, Thornaby, Stockton on Tees, TS17 6BF

The value of the investment is based on the underlying fair value of the assets in Connick Engineering Limited rather than the ongoing trade of that company. The fair value of the assets have been reassessed in the year and adjusted to reflect the fair value of the property.

**Notes to the Financial Statements (continued)**

for the period ended 31 March 2022

**14. Stock**

	2022 £000	2020 £000
Spare parts and equipment for resale	203	–
	<u>203</u>	<u>–</u>

**15. Debtors**

	2022 £000	2020 £000
Trade debtors	1,541	840
Amounts owed by group undertakings	3,137	3,135
Other debtors	230	68
Amounts recoverable on long term contracts	1,047	128
Deferred tax asset (note 19)	11	30
	<u>5,966</u>	<u>4,201</u>

The intercompany balances are repayable on demand and no interest is charged.

**16. Creditors**

	2022 £000	2020 £000
<b>Amounts falling due within one year:</b>		
Payments received on account	1,126	343
Trade creditors	2,016	407
Corporation tax	194	69
Other taxation and social security	372	394
Obligations under finance leases and hire purchase contracts	49	20
Amounts owed to group undertakings	51	–
Other creditors	91	32
Accruals and deferred income	595	8
	<u>4,494</u>	<u>1,273</u>

The intercompany balances are repayable on demand and no interest is charged.

**17. Creditors**

	2022 £000	2020 £000
<b>Amounts falling due after one year:</b>		
Obligations under finance leases and hire purchase contracts	82	–
	<u>82</u>	<u>–</u>

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 18. Hire purchase and finance leases

	2022 £000	2020 £000
Minimum lease payments under hire purchase fall due as follows:		
Within one year	49	20
Between one and five years	82	–
	<u>131</u>	<u>20</u>

Finance lease and hire purchase obligations are secured on the assets concerned.

### 19. Deferred taxation

	2022 £000	2020 £000
At the beginning of the period/year	30	17
(Charge)/credit for the period/year	(19)	13
At the end of the period/year	<u>11</u>	<u>30</u>

The deferred tax asset is made up as follows:

	2022 £000	2020 £000
Accelerated capital allowances	10	29
Short term timing differences	1	1
	<u>11</u>	<u>30</u>

### 20. Capital and reserves

Allotted, called up and fully paid share capital	No.	2022 £	No.	2020 £
Ordinary shares of £1 each	1,600,000	<u>1,600,000</u>	1,600,000	<u>1,600,000</u>

All shares carry equal voting rights.

#### Profit and Loss Reserves

The profit and loss reserve represents the accumulated profits of the company since incorporation.

## Notes to the Financial Statements (continued)

for the period ended 31 March 2022

### 21. Financial commitments, guarantees and contingent liabilities

There is a cross guarantee and right of set off between Orchid Environmental Limited, Fairport Engineering Limited and Orchid Bioenergy Group Limited to secure all banking facilities between those companies. The value of the potential liability at the end of the period was £nil (2020: £nil).

The company has provided a guarantee and a fixed charge in favour of the bank as security over the px Holdco1 Limited group's banking facilities. The total amount outstanding on group bank facilities at the balance sheet date was £86,000,000.

### 22. Pension commitments

The company participates in a group defined benefit pension scheme for the benefit of directors and participating employees. All the assets are invested in insurance policies with Aviva Life Insurance Society, the trustees having effected a contract in respect of each member which guarantees benefits corresponding at all times to those promise under the rules. The amount charged in the Statement of Comprehensive Income for the period was £97,000 (2020: £140,000).

### 23. Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of the group, as the company is a wholly owned subsidiary undertaking of the group which is party to the transaction.

### 24. Parent company

The company's immediate parent is Orchid Bioenergy Group Limited, incorporated in England and Wales. The registered address for Orchid Bioenergy Group Limited is px House, Westpoint Road, Stockton on Tees, TS17 6BF.

The company's controlling shareholder is Aksiom Services Group LP, incorporated in Ireland. The registered address for Aksiom Services Group LP is 9 Windsor Place, Dublin, Ireland.

The most senior parent entity producing publicly available consolidated financial statements is px Holdco1 Limited. The registered address for px Holdco1 Limited is px House, Westpoint Road, Stockton on Tees, TS17 6BF.