

Company registration number 14267100 (England and Wales)

DANIELI GROUP LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

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DANIELI GROUP LIMITED

COMPANY INFORMATION

Directors	D Winch N A Winch	(Appointed 13 September 2022) (Appointed 1 August 2022)
Company number	14267100	
Registered office	Patrick House Gosforth Park Avenue Gosforth Business Park Newcastle upon Tyne NE12 8EG	
Auditor	Sumer Auditco Limited The Beehive, Beehive Ring Road London Gatwick Airport Gatwick United Kingdom RH6 0PA	

DANIELI GROUP LIMITED

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DANIELI GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present the strategic report for the year ended 30 April 2023.

Fair review of the business

The principal activity of the company is that of a holding company. The principal activities of the Group cover 3 main sectors, being; security operations, operation of licensed premises, and provision of social & respite care services.

In September 2022, the Company acquired the shares of the following companies by way of a share for share exchange, consolidating the interests of majority shareholder N Winch;

- Phoenix FM Services Limited (and subsidiary)
- Stack Containers Limited (and subsidiaries)
- Stack (Seaburn) Limited
- Danieli Holdings Limited (and subsidiaries)
- HomeCare Plus Limited
- The Muddler (Newcastle) Limited
- YOLO (Newcastle) Limited
- Boutique Bar & Tipi Co. Limited

The full list of subsidiaries and their principal activities are listed in the notes to the financial statements.

Immediately after the creation of the Group, all of the bank loans and overdraft facilities were refinanced with HSBC UK Bank plc providing a long term financial partnership to support the strategic plans of the Group.

The Group's financial performance, reflecting the period from re-organisation of 13 September 2022 to 30 April 2023, was as follows:

- Turnover - £9.8m
- Gross profit - £4.1m
- EBITDA - £1.0m
- Net assets - £0.4m

The performance of each trading entity in the group is measured each month by the directors by reviewing the above key performance indicators on an individual entity basis.

Results for the period include other gains and losses of £2.3m relating to amounts due from related parties which have since been liquidated post year end. As such debtor balances have been fully impaired as at 30 April 2023 and any respective investments written down to £nil carrying value.

Post balance sheet events

Since the year end the trade and net assets of subsidiary Phoenix Eye Limited were hived up into intermediate parent company Phoenix FM Services Limited and the company has remained inactive since. Phoenix FM Services Limited continues to trade and generate profits for the group.

In December 2023, the 'Stack Group' (Stack Containers Limited, Stack Trading Limited, Stack (Seaburn) Limited and Anson House 9 Limited) exited the Danieli Group. The Stack Group accounted for 31% of the reported turnover in the period. The new Stack Group has received significant investment since the year end to support its ambitious growth plans.

Future developments

Given the current status of the economy, the directors are cautiously optimistic about future trading. The directors consider the Group to be well placed to meet demands in all areas of trade the group is exposed to, be it in the security, leisure or care sector.

DANIELI GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

Principal risks and uncertainties

The directors continually analyse key risks to the group. All the risks facing the group rest within the subsidiary companies:

People:

The group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans. Employees are provided with training and support that allow them to reach their potential within the company. Remuneration packages and pay rates are compared against industry data to ensure that they remain competitive.

Reputational and regulatory risk:

Compliance with regulations is a risk and could potentially impact on the reputation of the group along with the ability to admit residents to the care home operated by the group. The group ensures it follows all Care Quality Commission (CQC) regulations, including local authority and clinical commissioning group contractual requirements, with senior team members attending appropriate courses and conferences to make sure the group is always fully up to date with any anticipated updates or changes. The group also operates in the licensing and leisure sector. The group ensures it follows all necessary licensing regulations in order to mitigate the risk of regulatory issues.

Going concern

The group had net assets of £437k at the period end. The company manages its day to day working capital requirements at an overall group and related company level, through its available cash resources, cash flow from operating activities, external financing from bank loans, overdrafts and an invoice discounting facility.

The directors have prepared trading and cash flow forecasts building in uncertainties in the current economic environment, as well as current cost of living rises and inflationary pressures, which indicate that the group's existing funding facilities are adequate to meet its liabilities as they fall due. As part of these forecasts the group rely on the continued support of the group's bankers.

Consequently, the directors have a reasonable expectation that the company has adequate resource to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing these financial statements.

DANIELI GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

s172(1) statement

A director of a Company must act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters), to:

- Likely consequences of any decisions in the long-term;
- Interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

In discharging their Section 172 duties, the directors of the Group consider that they have had regard in material respects to the factors set out above.

The key stakeholders of the Group are our customer base, suppliers, landlords, its employees, our bankers, as well as the Group's shareholders.

The Group delegates authority for day-to-day management to the operational management team, who along with the directors approve and oversee the execution of the Group's activities. Board meetings are held periodically where the directors consider Group business, such as financing requirements, capital expenditure and operational challenges. The Group follows policies and procedures, including those relating to standards of business conduct, employees, the environment, the community, and other stakeholders.

In considering items of business, the Group makes autonomous decisions on each transaction's own merits, after due consideration of the long-term success of the Group, Section 172 factors, where relevant, and the stakeholders impacted.

On behalf of the board

N A Winch
Director

07 February 2024

DANIELI GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present their annual report and financial statements for the year ended 30 April 2023.

Results and dividends

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

Ordinary dividends were paid amounting to £895,000. The directors do not recommend payment of a further dividend.

Directors

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

D Winch

(Appointed 13 September 2022)

N A Winch

(Appointed 1 August 2022)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the group's performance.

Energy and carbon report

As the parent company has not consumed more than 40,000 kWh of energy in this reporting period, and the group has not exceeded the 40,000 kWh threshold when excluding subsidiaries not obliged to report, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

DANIELI GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

N A Winch
Director

07 February 2024

DANIELI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DANIELI GROUP LIMITED

Opinion

We have audited the financial statements of Danieli Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

DANIELI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DANIELI GROUP LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the teams, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include health and safety, alcohol licensing laws, the Care Act 2014 and compliance with the independent regulator of health and adult social care in England, the Care Quality Commission.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

DANIELI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DANIELI GROUP LIMITED

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the company's 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.

Paul Gainford (Senior Statutory Auditor)
For and on behalf of Sumer Auditco Limited
Statutory Auditor
The Beehive, Beehive Ring Road
London Gatwick Airport
Gatwick
United Kingdom
RH6 0PA

07 February 2024

DANIELI GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £
Turnover	3	9,816,797
Cost of sales		(5,738,313)
		<hr/>
Gross profit		4,078,484
Administrative expenses		(4,974,329)
Other operating income		626,887
		<hr/>
Operating loss	4	(268,958)
Interest payable and similar expenses	7	(443,225)
Other gains and losses	8	(2,307,760)
		<hr/>
Loss before taxation		(3,019,943)
Tax on loss	10	(42,819)
		<hr/>
Loss for the financial year		(3,062,762)
		<hr/> <hr/>

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

DANIELI GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2023

	2023 £
<i>Loss for the year</i>	(3,062,762)
<i>Other comprehensive income</i>	-
Total comprehensive income for the year	<u>(3,062,762)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

DANIELI GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2023

	Notes	2023 £	£
Fixed assets			
Goodwill	11		3,235,185
Other intangible assets	11		21,747
			<hr/>
Total intangible assets			3,256,932
Tangible assets	12		12,671,203
Investments	13		2,806
			<hr/>
			15,930,941
Current assets			
Stocks		322,814	
Debtors	15	5,376,992	
Cash at bank and in hand		139,491	
		<hr/>	
		5,839,297	
Creditors: amounts falling due within one year	16	(16,005,091)	
		<hr/>	
Net current liabilities			(10,165,794)
			<hr/>
Total assets less current liabilities			5,765,147
			<hr/>
Creditors: amounts falling due after more than one year	17		(4,908,017)
			<hr/>
Provisions for liabilities			
Deferred tax liability	20	419,892	
		<hr/>	(419,892)
			<hr/>
Net assets			437,238
			<hr/>
Capital and reserves			
Called up share capital	22		43,950
Other reserves	23		4,351,050
Profit and loss reserves	23		(3,957,762)
			<hr/>
Total equity			437,238
			<hr/>

The financial statements were approved by the board of directors and authorised for issue on 07 February 2024 and are signed on its behalf by:

N A Winch
Director

Company registration number 14267100 (England and Wales)

DANIELI GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2023

		2023	
	Notes	£	£
Fixed assets			
Tangible assets	12		1,290
Investments	13		8,833,983
			<u>8,835,273</u>
Current assets			
Debtors	15	1,681,928	
Cash at bank and in hand		10	
		<u>1,681,938</u>	
Creditors: amounts falling due within one year	16	(6,098,408)	
Net current liabilities			<u>(4,416,470)</u>
Net assets			<u>4,418,803</u>
Capital and reserves			
Called up share capital	22		43,950
Other reserves	23		4,351,050
Profit and loss reserves	23		23,803
Total equity			<u>4,418,803</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £918,803.

The financial statements were approved by the board of directors and authorised for issue on 07 February 2024 and are signed on its behalf by:

N A Winch
Director

Company registration number 14267100 (England and Wales)

DANIELI GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

		Share capital	Merger relief reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 August 2022		-	-	-	-
Year ended 30 April 2023:					
Loss and total comprehensive income		-	-	(3,062,762)	(3,062,762)
Issue of share capital	22	43,950	-	-	43,950
Dividends	9	-	-	(895,000)	(895,000)
Transfers		-	4,351,050	-	4,351,050
Balance at 30 April 2023		43,950	4,351,050	(3,957,762)	437,238

DANIELI GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

	Notes	Share capital £	Merger relief reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2022		-	-	-	-
Year ended 30 April 2023:					
Profit and total comprehensive income		-	-	918,803	918,803
Issue of share capital	22	43,950	-	-	43,950
Dividends	9	-	-	(895,000)	(895,000)
Transfers		-	4,351,050	-	4,351,050
Balance at 30 April 2023		43,950	4,351,050	23,803	4,418,803

DANIELI GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	30	1,232,026	
Interest paid		(443,225)	
Income taxes paid		(230,618)	
Net cash inflow/(outflow) from operating activities			558,183
Investing activities			
Purchase of intangible assets		(2,175)	
Purchase of tangible fixed assets		(609,577)	
Net cash used in investing activities			(611,752)
Financing activities			
Movement on loans		2,826	
Payment of finance leases obligations		(33,336)	
Dividends paid to equity shareholders		(895,000)	
Net cash used in financing activities			(925,510)
Net (decrease)/increase in cash and cash equivalents			(979,079)
Cash and cash equivalents at beginning of year			-
Cash and cash equivalents at end of year			(979,079)
Relating to:			
Cash at bank and in hand			139,491
Bank overdrafts included in creditors payable within one year			(1,118,570)

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

Danieli Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Patrick House, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG.

The group consists of Danieli Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

Danieli Group Limited, as an individual entity, meets the definition of a qualifying entity per FRS 102 and has taken advantage of the exemption available in paragraph 1.12 of FRS 102 from presenting a company-only statement of cash flows. These consolidated financial statements include a consolidated statement of cash flows which include the cash flows of Danieli Group Limited.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £918,803.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Danieli Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The directors have prepared detailed forecasts on activity levels, working capital and overall funding requirements. The Directors, with reference to these forecasts and the working capital of the group, believe that the parent company and group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of the financial statements. As such the Directors consider it appropriate to prepare the financial statements on a going concern basis.

1.5 Turnover

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

The recognition policy is tailored for each subsidiary of the Group and can be summarised in the main operating sectors as below:

- Security operations - revenue recognised over the period of service provided, or at the point that security installations are completed.
- Operation of licensed venues - revenue recognised at point of sale of food and beverages or on the day of the event for ticketed events.
- Social and respite care - revenue recognised as service is provided.

Amounts relating to future accounting periods are carried forward within accruals and deferred income.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	20% straight line
Patents & licences	15% reducing balance

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.8 Tangible 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 bases:

Freehold land and buildings	4% straight line
Leasehold land and buildings	10% straight line
Plant and equipment	10-20% straight line or 15-20% reducing balance
Fixtures and fittings	10-20% straight line or 10-20% reducing balance
Computers	10-20% straight line or 15% reducing balance
Motor vehicles	20% 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 recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.11 Stocks

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

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

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

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.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.13 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors 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.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

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

Derecognition of financial liabilities

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

1.14 Equity instruments

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

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 group'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.

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

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.16 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, if considered material to the financial statements.

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.

1.17 Retirement benefits

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

1.18 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Government grants

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

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

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairments in assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

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.

Determining residual values and useful economic lives of fixed assets

The group depreciates intangible and tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore required estimates and assumptions to be applied by management.

Judgement is applied by managements when determining the residual values of intangible and tangible fixed assets. When determining the residual value management aim to assess the amount that the group 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.

The carrying amount of intangible fixed assets, including consolidated goodwill, at the reporting date was £3,256,932. The carrying amount of tangible fixed assets at the reporting date was £12,671,203.

3 Turnover

	2023 £
Turnover analysed by class of business	
Security operations	2,990,613
Operation of licensed venues	5,343,008
Social and respite care	1,483,176
	<u>9,816,797</u>

All of the group's turnover is attributable to activities located in the UK.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

4 Operating loss

2023
£

Operating loss for the year is stated after charging/(crediting):

Depreciation of owned tangible fixed assets	1,005,674
Depreciation of tangible fixed assets held under finance leases	5,129
Loss on disposal of tangible fixed assets	4,432
Amortisation of intangible assets	1,021,584
Release of negative goodwill	(798,694)
Operating lease charges	109,119

5 Auditor's remuneration

2023
£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	7,000
Audit of the financial statements of the company's subsidiaries	35,000
	42,000

6 Employees

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

	Group 2023 Number	Company 2023 Number
Directors	2	2
Management	33	-
Security operations	420	-
Leisure staff	143	-
Social care	91	-
Total	689	2

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		Group 2023 £	Company 2023 £
	Wages and salaries	4,808,194	-
	Social security costs	328,313	-
	Pension costs	91,438	-
		<u>5,227,945</u>	<u>-</u>
7	Interest payable and similar expenses		2023 £
	Interest on bank overdrafts and loans		369,190
	Interest on finance leases and hire purchase contracts		18,838
	Other interest		55,197
	Total finance costs		<u>443,225</u>
8	Other gains and losses		2023 £
	Impairment of amounts due from related parties		(2,081,153)
	Impairment of investments held by subsidiaries		(226,607)
			<u>(2,307,760)</u>
9	Dividends		2023 £
	Recognised as distributions to equity holders:		
	Interim paid		895,000
10	Taxation		2023 £
	Current tax		
	UK corporation tax on profits for the current period		69,804
	Adjustments in respect of prior periods		39,782
	Total current tax		<u>109,586</u>

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

10	Taxation	(Continued)
		2023 £
	Deferred tax	
	Origination and reversal of timing differences	(66,767)
		<u><u> </u></u>
	Total tax charge	42,819
		<u><u> </u></u>
<p>The main rate of corporation tax increased to 25% from 1 April 2023 under the Finance Bill 2021. Deferred tax has been provided at the rates expected to be in place when the timing differences reverse. A marginal rate of 19.49% has been used for the period to 30 April 2023 when assessing the corporation tax charge as below.</p> <p>The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:</p>		
		2023 £
	Loss before taxation	(3,019,943)
		<u><u> </u></u>
	Expected tax credit based on the standard rate of corporation tax in the UK of 19.49%	(588,587)
	Tax effect of expenses that are not deductible in determining taxable profit	538,775
	Tax effect of income not taxable in determining taxable profit	(14,228)
	Gains not taxable	15,331
	Unutilised tax losses carried forward	5,007
	Adjustments in respect of prior years	125,832
	Effect of change in corporation tax rate	(41,293)
	Other	1,982
		<u><u> </u></u>
	Taxation charge	42,819
		<u><u> </u></u>

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

11 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Patents & licences	Total
	£	£	£	£	£
Cost					
At 1 August 2022	-	-	-	-	-
Additions - separately acquired	-	-	2,175	-	2,175
Additions - business combinations	3,451,747	(798,694)	-	25,900	2,678,953
Other changes	-	798,694	-	-	798,694
	<u>3,451,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2023	3,451,747	-	2,175	25,900	3,479,822
	<u>3,451,747</u>	<u>-</u>	<u>2,175</u>	<u>25,900</u>	<u>3,479,822</u>
Amortisation and impairment					
At 1 August 2022	-	-	-	-	-
Amortisation charged for the year	216,562	-	145	6,183	222,890
	<u>216,562</u>	<u>-</u>	<u>145</u>	<u>6,183</u>	<u>222,890</u>
At 30 April 2023	216,562	-	145	6,183	222,890
	<u>216,562</u>	<u>-</u>	<u>145</u>	<u>6,183</u>	<u>222,890</u>
Carrying amount					
At 30 April 2023	3,235,185	-	2,030	19,717	3,256,932
	<u>3,235,185</u>	<u>-</u>	<u>2,030</u>	<u>19,717</u>	<u>3,256,932</u>

The company had no intangible fixed assets at 30 April 2023.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
Cost	£	£	£	£	£	£	£
At 1 August 2022	-	-	-	-	-	-	-
Additions	-	403,201	4,071	63,739	61,523	77,043	609,577
Business combinations	3,594,669	7,650,251	185,934	1,069,208	634,529	56,398	13,190,989
Disposals	-	(118,560)	-	-	-	-	(118,560)
At 30 April 2023	3,534,669	7,934,892	190,005	1,132,947	696,052	133,441	13,632,006
Depreciation and impairment							
At 1 August 2022	-	-	-	-	-	-	-
Depreciation charged in the year	52,319	694,558	24,820	130,203	81,178	27,725	1,010,803
At 30 April 2023	52,319	694,558	24,820	130,203	81,178	27,725	1,010,803
Carrying amount							
At 30 April 2023	3,5-2,350	7,240,334	165,185	1,002,744	614,874	105,716	12,671,203

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

Company			Leasehold land and buildings £
Cost			
At 1 August 2022			-
Additions			1,290
At 30 April 2023			1,290
Depreciation and impairment			
At 1 August 2022 and 30 April 2023			-
Carrying amount			
At 30 April 2023			1,290
13 Fixed asset investments			
		Group 2023 £	Company 2023 £
	Notes		
<i>Investments in subsidiaries</i>	14	-	8,833,983
Unlisted investments		2,806	-
		2,806	8,833,983
Movements in fixed asset investments			
Group			Investments £
Cost or valuation			
At 1 August 2022			-
Additions - business combinations			2,806
At 30 April 2023			2,806
Carrying amount			
At 30 April 2023			2,806

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 August 2022

-

Additions

8,833,995

At 30 April 2023

8,833,995

Impairment

At 1 August 2022

-

Impairment losses

12

At 30 April 2023

12

Carrying amount

At 30 April 2023

8,833,983

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Phoenix FM Services Limited*	1	Private securities activities	Ordinary	100.00	-
Phoenix Eye Limited	1	Security systems service activities	Ordinary	-	100.00
Stack Containers Limited	1	Events catering activities	Ordinary	70.00	30.00
Stack Trading Limited	1	Licensed bar and restaurant	Ordinary	-	100.00
Anson House 9 Limited	1	Public houses and bars	Ordinary	-	100.00
Homecare Plus Limited*	1	Social work activities	Ordinary	100.00	-
The Muddler (Newcastle) Limited*	1	Licensed restaurants	Ordinary	100.00	-
YOLO (Newcastle) Limited*	1	Public houses and bars	Ordinary	85.00	15.00
Danieli Holdings Limited*	1	Activities of head offices	Ordinary	100.00	-
Northridge Healthcare Limited*	1	Respite care services	Ordinary	-	100.00
Education & Training Services Limited*	2	Training services	Ordinary	-	100.00
YOLO (Ponteland) Limited*	1	Licensed restaurants	Ordinary	-	100.00
Leisuretime (Leasehold) Limited*	1	Public houses and bars	Ordinary	-	100.00
Leisuretime Pub Group Limited*	1	Dormant	Ordinary	-	100.00
Student Accommodation (UK) Limited*	1	Dormant	Ordinary	-	100.00
Boutique Bar & Tipi Company Limited*	1	Dormant	Ordinary	70.00	30.00
Stack (Seaburn) Limited	1	Licensed bar and restaurant	Ordinary	100.00	-

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

14 Subsidiaries

(Continued)

Registered office addresses (all UK unless otherwise indicated):

- 1 Patrick House, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG
- 2 130 Roding Lane South, Ilford, England, IG4 5PD
- * Denotes subsidiary is exempt from audit under section 479A of the Companies Act 2006

15 Debtors

	Group 2023 £	Company 2023 £
Amounts falling due within one year:		
Trade debtors	1,777,143	-
Amounts owed by group undertakings	-	1,671,905
Other debtors	2,516,228	10,023
Prepayments and accrued income	1,011,391	-
	<u>5,304,762</u>	<u>1,681,928</u>
Deferred tax asset (note 20)	72,230	-
	<u>5,376,992</u>	<u>1,681,928</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2023 £	Company 2023 £
Bank loans and overdrafts	18	2,483,236	-
Obligations under finance leases	19	97,433	-
Other borrowings	18	300,329	-
Trade creditors		800,863	14,072
Amounts owed to group undertakings		-	3,199,922
Corporation tax payable		1,068,691	-
Other taxation and social security		3,608,989	-
Other creditors		6,946,301	2,884,414
Accruals and deferred income		699,249	-
		<u>16,005,091</u>	<u>6,098,408</u>

Included within other creditors are debt factor liabilities of £1,340,430. These are secured by way of a debenture over the assets of the group.

Obligations under finance leases are secured on the assets to which they relate.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

17 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	Company 2023 £
Bank loans	18	4,718,483	-
Obligations under finance leases	19	42,263	-
Other borrowings	18	147,271	-
		<u>4,908,017</u>	<u>-</u>

Obligations under finance leases are secured on the assets to which they relate.

18 Loans and overdrafts

	Group 2023 £	Company 2023 £
Bank loans	6,083,149	-
Bank overdrafts	1,118,570	-
Other loans	447,600	-
	<u>7,649,319</u>	<u>-</u>
Payable within one year	2,783,565	-
Payable after one year	4,865,754	-

During the year, bank loans and overdraft facilities across the group were refinanced with HSBC UK Bank Plc. Bank loans include amounts owed to HSBC of £5,771,952. These loans are secured by fixed and floating charges over all assets of the group and by an unlimited guarantee across the group and entities under common control. They are repayable in instalments over 5 years, and interest is charged at 2.5%- 4.65% per annum above the Bank's Base Rate.

Bank loans include amounts owed in relation to 'other loans' of £311,197. Other bank loans are secured by a debenture on certain assets and are supported by an unlimited guarantee across the group and entities under common control. The bank loans incur interest of 5.90%-13.56% and are repayable in monthly instalments over a 5 year term. The loans are secured by a personal guarantee provided by one of the directors of the group.

Included within 'other loans' are amounts of £447,600 which are secured on the assets of the group and are repayable in monthly instalments.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

19 Finance lease obligations

	Group 2023 £	Company 2023 £
Future minimum lease payments due under finance leases:		
Within one year	97,433	-
In two to five years	42,263	-
	<u>139,696</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

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

	Liabilities 2023 £	Assets 2023 £
Group		
Accelerated capital allowances	457,521	34,760
Tax losses	(37,629)	37,470
	<u>419,892</u>	<u>72,230</u>

The company has no deferred tax assets or liabilities.

	Group 2023 £	Company 2023 £
Movements in the year:		
Acquired - business combinations	286,945	-
Credit to profit or loss	(66,767)	-
Other	127,484	-
	<u>347,662</u>	<u>-</u>
Liability at 30 April 2023		

21 Retirement benefit schemes

	2023 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	<u>91,438</u>

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

21 Retirement benefit schemes

(Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

Group and company	2023	2023
Ordinary share capital	Number	£
Issued and fully paid		
Ordinary shares of 1p each	4,395,001	43,950

23 Reserves

Merger relief reserve

Merger relief reserve represents the difference between the value of shares issued by the Company in exchange for the fair value of shares acquired in respect of the acquisition of subsidiaries in September 2022.

24 Financial commitments, guarantees and contingent liabilities

As at the reporting date the company is party to an unlimited guarantee between all companies in the Danieli Group; Danieli Group Limited, Danieli Holdings Limited, Phoenix Eye Limited, Phoenix FM Services Limited, Student Accommodation (UK) Limited, Education & Training Services (UK) Limited, Leisuretime (Leasehold) Limited, Homecare Plus Limited, Northridge Healthcare Limited, YOLO (Ponteland) Limited, YOLO (Newcastle) Limited, Boutique Bar and Tipi Company Limited, Stack Containers Limited, Stack Trading Limited, Stack (Seaburn) Limited, Anson House 9 Limited, and The Muddler (Newcastle) Limited.

25 Operating lease commitments

Lessee

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

	Group 2023 £	Company 2023 £
Within one year	296,000	-
Between two and five years	870,333	-
In over five years	352,708	-
	<u>1,519,041</u>	<u>-</u>

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

26 Events after the reporting date

Since the year end the trade and net assets of subsidiary Phoenix Eye Limited were hived up into intermediate parent company Phoenix FM Services Limited and the company has remained inactive since. Phoenix FM Services Limited continues to trade and generate profits for the group.

In December 2023, the 'Stack Group' (Stack Containers Limited, Stack Trading Limited, Stack (Seaburn) Limited and Anson House 9 Limited) exited the Danieli Group. The Stack Group accounted for 31% of the reported turnover in the period. The new Stack Group has received significant investment since the year end to support its ambitious growth plans.

27 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £
Group	
Other related parties	2,603,366

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £	2023 Provision £	2023 Net £
Group			
Other related parties	3,931,977	2,081,153	1,850,824

28 Directors' transactions

Dividends totalling £895,000 were paid in the year in respect of shares held by the company's directors.

At reporting date amounts of £176,745 were due to the Group from directors.

29 Controlling party

The directors consider Danieli Group Limited to be under the control of the director NA Winch by virtue of his shareholdings in the company.

DANIELI GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

30 Cash generated from/(absorbed by) group operations

2023

£

Loss for the year after tax (3,062,762)

Adjustments for:

Taxation charged 42,819

Finance costs 443,225

Loss on disposal of tangible fixed assets 4,432

Amortisation and impairment of intangible assets 222,890

Depreciation and impairment of tangible fixed assets 1,010,803

Release of negative goodwill (798,694)

Other gains and losses 2,307,760

Movements in working capital:

Decrease in stocks 25,703

Increase in debtors (1,486,639)

Increase in creditors 2,522,489

Cash generated from/(absorbed by) operations 1,232,026

31 Analysis of changes in net debt - group

	At acquisition £	Cash flows £	30 April 2023 £
Cash at bank and in hand	488,394	(348,903)	139,491
Bank overdrafts	(627,666)	(490,904)	(1,118,570)
	(139,272)	(839,807)	(979,079)
Borrowings excluding overdrafts	(6,527,923)	(2,826)	(6,530,749)
Obligations under finance leases	(173,032)	33,336	(139,696)
	(6,840,227)	(809,297)	(7,649,524)