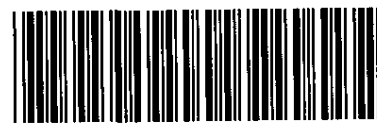


Company Registration No. 05151378 (England and Wales)

OFF SITE SOLUTIONS (R T) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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OFF SITE SOLUTIONS (R T) LIMITED

COMPANY INFORMATION

Directors	W A Tonkinson R J Tonkinson J A M E Stephens
Company number	05151378
Registered office	Polybeam House Hoopers Close Isleport Business Park Highbridge Somerset TA9 4JU
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

OFF SITE SOLUTIONS (R T) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Business review

The main activity of the business continues to be the manufacture of modular bathroom pods. During the year to 31 December 2021, due to the Covid-19 Pandemic, we experienced a reduction in turnover from £27m in FY2020 to £24m in FY2021 and a resulting deterioration in operating profit from £0.9m in FY2020 to an operating loss of £1.6m in FY2021.

The Covid-19 restrictions put in place by the Government in 2020 continued to have an adverse effect on activity levels for large construction projects during 2021, a direct consequence of this was reduced demand for the vast majority of construction services and products, which continued throughout much of the year.

Operationally 2021 was a year of two halves; during the first half we were still managing the frequently changing stream of Covid-19 regulations, restrictions, and guidance, whilst safeguarding all employees and maintaining operations. During the second half the greatest challenges were the availability of labour and ensuring the consistent supply of materials, despite heavily disrupted global supply chains.

From a financial perspective the acute labour and material shortages experienced in the second half of the year not only restricted production volumes, but also increased material costs, resulting in a detrimental effect to profitability.

Thankfully, through the concerted efforts of all departments and employees, our production volumes have increased steadily since the beginning of 2022, supply chains & material prices have stabilised, and production operative numbers have returned to pre-Covid-19 levels.

Offsite Solutions has not been immune to the turbulence of the last few years; however, we entered this period in robust financial health and given the solid forward order book we are confident of a return to pre-Covid-19 turnover levels and resulting financial performance within the near term.

Key performance indicators

	2021	2020	2019
Pods manufactured	5,485	7,028	9,432
Sales	£24.0m	£27.2m	£33.3m
Operating profit	£(1.6m)	£0.9m	£1.7m

Future trading

There has never been greater demand for our products, and we currently have a record quote book of £350m. From January 2022, we have seen month-on-month increases to the quote book, resulting in an 8% growth in quote value from January to September 2022. As of July 2022, Offsite Solutions has a strong order book with a value of £33m. In addition, during the first 6 months of 2022, we have secured a record value of orders, worth over £25m.

The build to rent and student accommodation sectors continue to generate numerous pod opportunities and we expect significantly increased revenues through 2023 as a result of the growth of the quote book and our reputation for high quality products and excellent service.

Without doubt the Covid-19 Pandemic created significant challenges, however the business adapted quickly, and we were able to operate safely throughout the period, with minimal disruptions to our manufacturing activities.

Undoubtedly Covid-19 accelerated the re-evaluation of traditional procurement methods for bathrooms, and it is now widely acknowledged that an additional benefit of bathroom pods is that manufacturing can continue in a safer controlled factory environment compared with the much more complicated and disruptive alternative of fitting out bathrooms on a construction site.

The future trading prospects of the business are encouraging, and we expect to see significant growth with increased turnover through 2023 onwards.

OFF SITE SOLUTIONS (R T) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The principal risks and uncertainties for the company are related to activity levels in the UK construction sector, the continued uptake of modular and offsite construction, and the availability of labour and materials.

Market risks

In advance of Brexit the company carried out a comprehensive review of its supply chain to understand and mitigate the potential risks that may occur in the period immediately following the UK exit from the EU.

This review proved useful in understanding areas of potential weakness in the supply chain which may have come under strain during the Covid-19 Pandemic and the Russian invasion of Ukraine.

The company has good visibility of projects for the next two years, we continue to develop good long-term relationships not only with the major UK contractors and developers, but also with the major material and component suppliers. We continue to consolidate our position as the leading bathroom pod supplier in the UK.

Offsite Solutions has always spread its risk by operating across most construction sub-sectors, product types and price points. In addition, progress continues with overseas markets where there is a high level of interest for our products and service offerings. This enables OSS to be well placed to take advantage of opportunities that may exist in certain sectors and geographies, whilst also reducing risks associated with concentrated sector exposure.

Business risk

The business is affected by a number of risks and uncertainties.

A large proportion of the company's sales relate to large construction projects which can be subject to delays. A number of these projects are dependent on public and private sector funding.

The company is focused on building relationships with all the major specifiers, contractors and developers. Within its production facilities the aim is to have a long-term flexible workforce that can react to differing levels of demand whilst improving health and safety and maintaining the quality of workmanship.

Price risk, credit risk, liquidity risk and cashflow risk

The business' principal instruments are bank balances, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business operations. In respect of bank balances, the liquidity risk is managed by maintaining the continuity of funding and flexibility through the use of an invoice discounting loan at floating rates of interest. All of the business' cash balance are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both age and credit limits. The company uses credit insurance to cover the debtor risk. The debtor amounts presented in the balance sheet are net of allowances for doubtful debts.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Development and Performance

In order to manage our cost base, the company reduced its employed workforce during the year. We use a balance of well trained and experienced employed and agency staff to manage high production periods and for absence cover. We monitor the employment patterns in the area to ensure that we offer a competitive pay structure and recognise in advance any local development which may affect our position in the employment market.

OFF SITE SOLUTIONS (R T) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Matters of strategic importance

The matters of most strategic importance are in maintaining our market reputation and the continued development of our products, employees, and facilities. We have a very good reputation within the UK market and work closely with the major UK building contractors and developers. The improvement in quality is of great importance in maintaining the confidence that our customers have in our products and we therefore continue to review and invest in quality improvement processes and equipment. Factory space is a limiting factor in our ability to grow. The increase in footprint and the improvement in the current facilities both as a working environment and to maximise efficiency are in our three-year strategic plan.

During the year Offsite Solutions has been audited on several occasions by companies including; Achilles, Constructionline, Considerate Contractors as well as multiple main contractors. OSS has consistently performed extremely well in these audits with considerably higher scores than our competitors which validates the investment made by OSS in its people, products, and processes.

Future development

Offsite Solutions aims to consolidate its position as the leading supplier of high-quality modular bathroom pods in the UK. We are well positioned to both increase our turnover and market share, over forthcoming years, whilst achieving a robust pre-tax profit position.

The board believes that the company's strategy together with its market position and experienced management team will continue to deliver successful business performance going forward.

On behalf of the board

Richard Tonkinson

.....
R J Tonkinson
Director

28 September 2022
Date:

OFF SITE SOLUTIONS (R T) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company and group continued to be that of the manufacture and distribution of pre-assembled bathroom pods.

Directors

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

W A Tonkinson
R J Tonkinson
J A M E Stephens

Results and dividends

The results for the year are set out on page 9. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual 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, each director has taken all the necessary steps that they ought to have taken as a director 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

Richard Tonkinson

.....
R J Tonkinson

Director

28 September 2022
Date:

OFF SITE SOLUTIONS (R T) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFF SITE SOLUTIONS (R T) LIMITED

Opinion

We have audited the financial statements of Off Site Solutions (R T) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 or the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFF SITE SOLUTIONS (R T) LIMITED (CONTINUED)

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 set out on page 5, 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 group's and 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 group or 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 the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OFF SITE SOLUTIONS (R T) LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing tax computations prepared by tax specialists.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing the recognition of a sample of revenue items with reference to the relevant contractual and shipping documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditors-responsibilities> 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.

T R Morgan

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG
28 September 2022

OFF SITE SOLUTIONS (R T) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	24,035,081	27,186,389
Cost of sales		(20,120,564)	(19,764,001)
Gross profit		3,914,517	7,422,388
Distribution costs		(819,530)	(916,352)
Administrative expenses		(5,121,207)	(6,214,362)
Other operating income		378,039	613,660
Operating (loss)/profit	6	(1,648,181)	905,334
Interest payable and similar expenses	8	(79,380)	(137,726)
(Loss)/profit before taxation		(1,727,561)	767,608
Tax on (loss)/profit	9	434,757	(151,974)
(Loss)/profit for the financial year		(1,292,804)	615,634

The income statement has been prepared on the basis that all operations are continuing operations.

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

OFF SITE SOLUTIONS (R T) LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Goodwill	10	106,411	148,976	-	-
Other intangible assets	10	107,335	194,289	107,335	194,289
Total intangible assets		213,746	343,265	107,335	194,289
Tangible assets	11	1,209,249	1,361,740	1,192,434	1,341,606
Investments	12	-	-	847,490	847,490
		1,422,995	1,705,005	2,147,259	2,383,385
Current assets					
Stocks	14	3,470,559	4,106,205	3,406,865	4,055,181
Debtors	15	8,145,021	8,247,820	8,124,860	8,236,830
Cash at bank and in hand		518,907	919,241	486,877	903,898
		12,134,487	13,273,266	12,018,602	13,195,909
Creditors: amounts falling due within one year	16	(9,560,299)	(9,573,195)	(10,360,193)	(10,394,233)
Net current assets		2,574,188	3,700,071	1,658,409	2,801,676
Total assets less current liabilities		3,997,183	5,405,076	3,805,668	5,185,061
Creditors: amounts falling due after more than one year	17	(233,819)	(362,653)	(148,402)	(252,236)
Provisions for liabilities	20	(118,783)	(105,038)	(117,798)	(103,652)
Net assets		3,644,581	4,937,385	3,539,468	4,829,173
Capital and reserves					
Called up share capital	22	1,843,070	1,843,070	1,843,070	1,843,070
Profit and loss reserves	24	1,801,511	3,094,315	1,696,398	2,986,103
Total equity		3,644,581	4,937,385	3,539,468	4,829,173

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,289,705 (2020 - £551,628 profit).

28 September 2022

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

Richard Tonkinson

.....
R J Tonkinson
Director

OFF SITE SOLUTIONS (R T) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020	1,843,070	2,478,681	4,321,751
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	615,634	615,634
Balance at 31 December 2020	1,843,070	3,094,315	4,937,385
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(1,292,804)	(1,292,804)
Balance at 31 December 2021	1,843,070	1,801,511	3,644,581

OFF SITE SOLUTIONS (R T) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020	1,843,070	2,434,475	4,277,545
Year ended 31 December 2020: Profit and total comprehensive income for the year	-	551,628	551,628
Balance at 31 December 2020	1,843,070	2,986,103	4,829,173
Year ended 31 December 2021: Loss and total comprehensive income for the year	-	(1,289,705)	(1,289,705)
Balance at 31 December 2021	1,843,070	1,696,398	3,539,468

OFF SITE SOLUTIONS (R T) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25	262,278		2,674,101	
Interest paid		(79,380)		(121,785)	
Income taxes paid		(96,948)		(255,913)	
Net cash inflow from operating activities		85,950		2,296,403	
Investing activities					
Purchase of intangible assets		-		(70,810)	
Purchase of tangible fixed assets		(119,697)		(356,286)	
Proceeds on disposal of tangible fixed assets		33,273		13,727	
Net cash used in investing activities		(86,424)		(413,369)	
Financing activities					
Proceeds from bank and related party loans		-		365,000	
Repayment of bank and related party loans		(78,096)		(310,151)	
Payment of finance leases obligations		(90,869)		(95,541)	
Net movement on invoice discounting facility		(230,895)		(1,465,069)	
Net cash used in financing activities		(399,860)		(1,505,761)	
Net (decrease)/increase in cash and cash equivalents		(400,334)		377,273	
Cash and cash equivalents at beginning of year		919,241		541,968	
Cash and cash equivalents at end of year		518,907		919,241	

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Off Site Solutions (R T) Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Polybeam House, Hoopers Close, Isleport Business Park, Highbridge, Somerset, TA9 4JU.

The group consists of Off Site Solutions (R T) Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

Reduced disclosure

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Off Site Solutions (R T) Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. 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.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

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.

Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors consider that the group has sufficient cash resources and banking facilities to enable the group to continue to meet its debts as they fall due.

In order to assess the going concern assumption, the directors have considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements, taking into account the ongoing geopolitical situation and the uncertainty this presents in drawing their conclusions. The company (and therefore group) have also received additional loan funding from a related party entity during 2022. This entity has confirmed via a letter of support that it continues to support the company and that the loan is not due for a period of at least 12 months from the date of approval of these financial statements, and that it will only be recalled should the company have the means to do so. Sensitivity analysis and further detailed reviews have been undertaken on the more judgmental areas of the forecasts, as well as a review of mitigating factors and potential upsidess.

The company (and therefore group) use an invoice finance facility to supplement cash reserves in managing the group's working capital requirements. The directors have assumed the facility will remain in place at the current levels and do not foresee any reason for this to change.

The directors are confident that the steps that they have taken to mitigate associated risk will ensure that the group is well positioned to continue to trade throughout the current uncertain economic environment.

They have therefore concluded that there is no material uncertainty about the ability of the group to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This may be upon shipment or when the product is completed and ready for delivery, based on specific contract terms.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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 5 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.

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	4 years straight line
Development costs	4 years straight line

Tangible fixed assets

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

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

Leasehold improvements	5 - 20 years straight line
Plant and machinery	25% reducing balance or 5 years straight line
Moulds and patterns	10 years straight line
Office equipment	15 - 25% reducing balance or 3 - 4 years straight line
Motor vehicles	4 years straight line

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

Fixed asset investments

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.

Interest in subsidiaries are initially measured at costs and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate portion of fixed and variable overheads.

Net realisable value is based on the estimated sales price, after allowing for all further costs of completion and disposal.

Work in progress is calculated by reference to the standard cost of a completed pod less the estimated amount not completed.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 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 trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to 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.

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

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Current tax

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 statement of financial position 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.

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.

Government grants received in the year relate to interest paid on the Coronavirus Business Interruption Loan scheme and the Coronavirus Job Retention Scheme during COVID-19. The grants are recognised as other operating income over the period necessary to match with the related wage and interest expense.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit ratings of debtors, the ageing profile, and historical experience.

Valuation of work in progress

Management make an estimation of completion in arriving at the valuation of work in progress.

Contract accruals

Following completion of pod builds and recognition of income, an accrual for potential rectification and final defects is estimated and accrued. The final sign off of pods can take some time due to the length of build schedules of customers resulting in a material accrual which has estimation uncertainty.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	23,984,348	27,034,298
Sale of services	50,733	152,091
	<u>24,035,081</u>	<u>27,186,389</u>
	2021 £	2020 £
Other revenue		
Grants received	<u>378,039</u>	<u>613,660</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	<u>24,035,081</u>	<u>27,186,389</u>

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	175	200	162	191
Administrative	48	51	48	50
Total	223	251	210	241

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	6,376,296	6,568,889	6,122,473	6,273,676
Social security costs	604,092	630,854	580,953	608,784
Pension costs	203,626	221,064	197,912	214,569
	7,184,014	7,420,807	6,901,338	7,097,029

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	195,043	9,000
Company pension contributions to defined contribution schemes	7,667	-
	202,710	9,000

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 -0).

6 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(378,039)	(613,660)
Depreciation of owned tangible fixed assets	266,395	530,888
Depreciation of tangible fixed assets held under finance leases	53,736	30,251
Loss on disposal of tangible fixed assets	2,279	8,942
Amortisation of intangible assets	129,519	125,780
Operating lease charges	641,888	616,551

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,200	28,850

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	8,815	6,445
Interest on finance leases and hire purchase contracts	6,866	7,878
Other interest	63,699	123,403
Total finance costs	79,380	137,726

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(408)	147,899
Adjustments in respect of prior periods	(448,502)	177
Total current tax	(448,910)	148,076
Deferred tax		
Origination and reversal of timing differences	14,146	9,280
Adjustment in respect of prior periods	7	(5,382)
Total deferred tax	14,153	3,898
Total tax (credit)/charge	(434,757)	151,974

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(1,727,561)	767,608
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(328,237)	145,846
Tax effect of expenses that are not deductible in determining taxable profit	8,221	8,786
Adjustments in respect of prior years	(44,309)	-
Depreciation on assets not qualifying for tax allowances	471	15,982
Research and development tax credit	(99,406)	(24,700)
Under/(over) provided in prior years	-	177
Deferred tax adjustments in respect of prior years	(7)	(5,375)
Adjustment in respect of tax rate change	28,510	11,258
Taxation (credit)/charge	(434,757)	151,974

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Intangible fixed assets

Group	Goodwill	Software	Development costs	Total
	£	£	£	£
Cost				
At 1 January 2021 and 31 December 2021	212,823	393,165	32,151	638,139
Amortisation and impairment				
At 1 January 2021	63,847	223,000	8,027	294,874
Amortisation charged for the year	42,565	78,916	8,038	129,519
At 31 December 2021	106,412	301,916	16,065	424,393
Carrying amount				
At 31 December 2021	106,411	91,249	16,086	213,746
At 31 December 2020	148,976	170,165	24,124	343,265
Company		Software	Development costs	Total
		£	£	£
Cost				
At 1 January 2021 and 31 December 2021		393,165	32,151	425,316
Amortisation and impairment				
At 1 January 2021		223,000	8,027	231,027
Amortisation charged for the year		78,916	8,038	86,954
At 31 December 2021		301,916	16,065	317,981
Carrying amount				
At 31 December 2021		91,249	16,086	107,335
At 31 December 2020		170,165	24,124	194,289

Goodwill represents the excess cost of the investment over the net assets purchased. This is deemed to reflect the value of the entity's brand name, supplier relations and efficiencies from economies of scale. These elements have not been split out from goodwill on the basis that they are not legally separable and identifiable.

The amortisation of the intangible fixed assets is included in the statement of comprehensive income within administrative expenses.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Moulds and patterns £	Office equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2021	820,144	1,550,346	2,387,279	299,224	183,059	5,240,052
Additions	4,029	14,482	80,540	10,645	93,496	203,192
Disposals	-	(57,164)	-	(29,897)	(44,171)	(131,232)
At 31 December 2021	824,173	1,507,664	2,467,819	279,972	232,384	5,312,012
Depreciation and impairment						
At 1 January 2021	496,529	1,132,552	1,820,863	261,138	167,230	3,878,312
Depreciation charged in the year	43,103	149,405	103,979	18,646	4,998	320,131
Eliminated in respect of disposals	-	(21,986)	-	(29,524)	(44,170)	(95,680)
At 31 December 2021	539,632	1,259,971	1,924,842	250,260	128,058	4,102,763
Carrying amount						
At 31 December 2021	284,541	247,693	542,977	29,712	104,326	1,209,249
At 31 December 2020	323,615	417,794	566,416	38,086	15,829	1,361,740
Company						
	Leasehold improvements £	Plant and machinery £	Moulds and patterns £	Office equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2021	798,880	1,539,022	2,387,279	294,690	183,059	5,202,930
Additions	4,029	7,237	80,540	10,645	93,496	195,947
Disposals	-	(47,409)	-	(26,708)	(44,171)	(118,288)
At 31 December 2021	802,909	1,498,850	2,467,819	278,627	232,384	5,280,589
Depreciation and impairment						
At 1 January 2021	486,429	1,129,504	1,820,863	257,298	167,230	3,861,324
Depreciation charged in the year	40,977	147,422	103,979	18,544	4,998	315,920
Eliminated in respect of disposals	-	(17,992)	-	(26,927)	(44,170)	(89,089)
At 31 December 2021	527,406	1,258,934	1,924,842	248,915	128,058	4,088,155
Carrying amount						
At 31 December 2021	275,503	239,916	542,977	29,712	104,326	1,192,434
At 31 December 2020	312,451	409,518	566,416	37,392	15,829	1,341,606

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and machinery	102,960	106,489	102,960	106,489
Motor vehicles	93,495	-	93,495	-
	<u>196,455</u>	<u>106,489</u>	<u>196,455</u>	<u>106,489</u>
Depreciation charge for the year in respect of leased assets	<u>53,736</u>	<u>30,251</u>	<u>53,736</u>	<u>30,251</u>

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	847,490	847,490

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2021 and 31 December 2021	<u>847,490</u>
Carrying amount	
At 31 December 2021	<u>847,490</u>
At 31 December 2020	<u>847,490</u>

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Off Site Solutions (CI) Limited	Dormant company	Ordinary	100.00
Off Site Solutions (GRP) Limited	Dormant company	Ordinary	100.00
Off Site Solutions Limited	Dormant company	Ordinary	100.00
Taylor & Kilduff Ltd	Steel fabrication	Ordinary	100.00
Highwater Bathrooms Limited	Dormant company	Ordinary	100.00

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (Continued)

The registered office of all subsidiaries is Polybeam House, Hoopers Close, Isleport Business Park, Highbridge, Somerset, TA9 4JU.

The trading subsidiary, Taylor & Kilduff Ltd, has taken the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The company has given parent guarantee under section 479C of the Companies Act 2006 for the year to 31 December 2021. The registered number of Taylor & Kilduff Ltd is 07156389.

14 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	2,955,282	2,484,910	2,901,961	2,445,895
Work in progress	480,106	703,779	469,733	703,779
Finished goods and goods for resale	35,171	917,516	35,171	905,507
	<u>3,470,559</u>	<u>4,106,205</u>	<u>3,406,865</u>	<u>4,055,181</u>

15 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	6,743,257	7,046,227	6,727,512	7,045,753
Corporation tax recoverable	417,752	-	417,752	-
Amounts owed by group undertakings and related parties	104,609	25,301	104,609	25,301
Other debtors	33,943	393,371	33,943	388,378
Prepayments and accrued income	845,460	782,921	841,044	777,398
	<u>8,145,021</u>	<u>8,247,820</u>	<u>8,124,860</u>	<u>8,236,830</u>

In the prior year, other debtors contained £180,000 due within one year relating to cash collateral provided under a performance guarantee as disclosed in note 23 of the accounts. The performance guarantee was settled in the year and the cash collateral repaid to the group.

Included within debtors is £4,828,443 (2020 - £5,260,568) of trade debtors which secure the invoice discounting facility.

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	18	145,000	84,583	120,000	70,000
Obligations under finance leases	19	56,471	80,011	56,471	80,011
Invoice discounting facility		3,842,452	4,073,347	3,842,452	4,073,347
Trade creditors		3,497,852	2,542,510	3,363,756	2,476,221
Amounts owed to group undertakings and related parties		198,813	177,626	1,205,876	1,201,802
Corporation tax payable		-	127,698	-	103,211
Other taxation and social security		568,128	1,222,489	537,105	1,157,116
Other creditors		67,010	58,621	63,514	57,786
Accruals and deferred income		1,184,573	1,206,310	1,171,019	1,174,739
		<u>9,560,299</u>	<u>9,573,195</u>	<u>10,360,193</u>	<u>10,394,233</u>

The company has provided a fixed and floating charge over the assets of the company to secure the invoice discounting facility. The facility was set up in December 2019 and is repayable on demand. The average rate of interest is 1.85% plus base (2020 - 3.25% plus base).

Amounts due under hire purchase agreements are secured upon the assets to which they relate.

Included in amounts owed to group undertakings and related parties detailed above is a balance of £nil (2020 - £nil) secured by way of a fixed and floating charge over the assets of the company along with accrued interest of £nil (2020 - £14,932) which is included in accruals.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	18	135,417	280,417	50,000	170,000
Obligations under finance leases	19	98,402	82,236	98,402	82,236
		<u>233,819</u>	<u>362,653</u>	<u>148,402</u>	<u>252,236</u>

Amounts due under hire purchase agreements are secured upon the assets to which they relate.

Amounts included above which fall due after five years are as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Payable by instalments	-	10,417	-	-

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	280,417	365,000	170,000	240,000
Payable within one year	145,000	84,583	120,000	70,000
Payable after one year	135,417	280,417	50,000	170,000

Included in bank loans are Coronavirus Business Interruption Loans drawn down in May 2020 by the Company of £240,000 and members of the group of £125,000. The loans are subject to interest of 3% plus base rate and 2.8% plus base rate and are repayable in equal monthly instalments over 3 years and 6 years respectively.

19 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Less than one year	56,471	80,011	56,471	80,011
Between one and five years	98,402	82,236	98,402	82,236
	154,873	162,247	154,873	162,247

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 major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Fixed asset timing differences	138,627	119,709
Short term timing differences	(19,844)	(14,671)
	118,783	105,038

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation (Continued)

	Liabilities 2021 £	Liabilities 2020 £
Company		
Fixed asset timing differences	136,911	118,207
Short term timing differences	(19,113)	(14,555)
	<u>117,798</u>	<u>103,652</u>
	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	105,038	103,652
Charge to profit or loss	13,745	14,146
Liability at 31 December 2021	<u>118,783</u>	<u>117,798</u>

The accelerated capital allowances liability is expected to be reversed over the life of the related assets. The tax losses deferred tax asset will be reversed in line with future profits and the short term timing differences deferred tax asset is expected to reverse over the next 12 months.

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>203,626</u>	<u>221,064</u>

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.

At the year end there was an outstanding contribution of £83,090 (2020 - £78,286).

22 Share capital

	2021 Number	Group and Company 2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	13,070	13,070	13,070	13,070
B Ordinary shares of £1 each	1,830,000	1,830,000	1,830,000	1,830,000
	<u>1,843,070</u>	<u>1,843,070</u>	<u>1,843,070</u>	<u>1,843,070</u>

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Share capital (Continued)

The rights attached to the classes of shares are disclosed in the Articles of Association which can be obtained from Companies House.

Ordinary shares are voting shares with rights to dividends and 'B' Ordinary shares are non-voting.

The Ordinary shares and the B Ordinary shares rank pari passu with regards to dividends save that the directors (or the company by Ordinary Resolution) may resolve to declare a dividend on one share class, as at varying amounts, to the exclusion of the other share class.

23 Guarantees

On 11 November 2017 the company entered into a trade contract which required the provision of performance guarantee bond of £446,912. The performance bond was due to expire upon the date that the company is issued a Certificate of Making Good Defects in respect of the project or upon 16 December 2021, whichever was earlier. The performance guarantee bond required the company to place £180,000 in a cash collateral account.

The bond expired during the year and as a result the collateral accounts has been returned to the company.

24 Profit and loss reserves

Profit and loss reserves reflect the cumulative profit and loss net of distributions to owners.

25 Cash generated from group operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(1,292,804)	615,634
Adjustments for:		
Taxation (credited)/charged	(434,757)	151,974
Finance costs	79,380	137,726
Loss on disposal of tangible fixed assets	2,279	8,942
Amortisation and impairment of intangible assets	129,519	125,780
Depreciation and impairment of tangible fixed assets	320,131	561,139
Movements in working capital:		
Decrease in stocks	635,646	100,556
Decrease in debtors	514,064	1,620,623
Increase/(decrease) in creditors	308,820	(648,273)
Cash generated from operations	262,278	2,674,101

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	919,241	(400,334)	-	518,907
Invoice discounting facility	(4,073,347)	230,895	-	(3,842,452)
Related party loans	(1,739)	1,739	-	-
Bank loans	(365,000)	84,583	-	(280,417)
Obligations under finance leases	(162,247)	90,869	(83,495)	(154,873)
	<u>(3,683,092)</u>	<u>7,752</u>	<u>(83,495)</u>	<u>(3,758,835)</u>

27 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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	754,968	644,705	754,968	644,705
Between one and five years	2,736,430	1,876,544	2,736,430	1,876,544
In over five years	3,102,700	2,764,665	3,102,700	2,764,665
	<u>6,594,098</u>	<u>5,285,914</u>	<u>6,594,098</u>	<u>5,285,914</u>

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, including directors, is as follows:

	2021 £	2020 £
Aggregate compensation	792,792	1,220,423

Transactions with related parties

During the year, sales of £1,030 (2020 - £1,001) were made to J A M E Stephens, a director of the company and repayments of £1,030 (2020 - £29,272) were made during the year. The outstanding balance at the year end was £nil (2020 - £nil).

During the year, sales of £5,072 (2020 - £586) were made to R J Tonkinson, a director of the company. The outstanding balance at year-end was £5,072 (2020 - £nil).

During the year, sales of £1,390 (2020 - £nil) were made to W A Tonkinson, a director of the company. The outstanding balance at year end was £772 (2020 - £nil).

During the year, purchases of £42,255 (2020 - £61,116) were made from, and sales of £5,496 (2020 - £17,945) were made to Deanestor PLC, a group under common control. At 31 December 2021, a balance of £67,315 (2020 - £6,070) was due to Deanestor PLC.

During the year, purchases of £12,144 (2020 - £28,519) were made from Dentalstyle Limited, a company under common control. At 31 December 2021, a balance of £nil (2020 - £2,681) was due to Dentalstyle Limited in respect of purchases.

During the year, sales of £nil (2020 - £5,182) were made to Joyton Holdings Limited, a company under common control. At 31 December 2021, a balance of £nil (2020 - £5,072) was due to Joyton Holdings Limited.

During the year, rental payments and purchases of £463,600 (2020 - £537,776) were made from Ryton Estates Limited, a Guernsey registered company which R B Tonkinson is the ultimate controlling party. Sales of £nil (2020 - £12,302) were made to Ryton Estates Limited in the year. The balance outstanding at the year end due from Ryton Estates Limited was £12,725 (2020 - £nil), and £174,244 (2020 - £143,574) payable.

During the year, consultancy fees and other trade balances were paid to Bridgecroft Limited, a company whose directors and shareholders are J A M E Stephens, W A Tonkinson and R J Tonkinson, totalling £204,027 (2020 - £953,121). £nil (2020 - £156,000) was outstanding at the year end.

During the year, purchases of £5,523 (2020 - £nil) were made from Selwood Holdings Ltd (a Guernsey registered company in which R B Tonkinson is the ultimate controlling party).

Loans & Facilities with related parties

During 2018, the company entered into a non-secured loan facility agreement with Selwood Holdings Ltd for a total of £1,000,000. The company repaid £14,932 (2020 - £150,000) during the year. Interest was charged at 5% over the Bank of England base rate on this balance, totalling £nil (2020 - £14,932). The outstanding balance at the year end was £nil (2020 - £14,932) including accrued interest. This balance is secured by the way of a fixed and floating charge over the assets of the company

OFF SITE SOLUTIONS (R T) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Controlling party

Portland Holdings Limited, a company registered in Guernsey, purchased all of the Off Site Solutions (RT) Limited ordinary share capital on 21 December 2015 and is therefore considered to be the ultimate parent undertaking. The registered office of Portland Holdings Limited is Les Echelons Court, Les Echelons, St Peter Port, Guernsey, GY1 1AR. The ultimate controlling party is R B Tonkinson due to his controlling interest in Portland Holdings Limited.