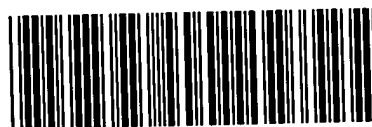


Company registration number 09913148 (England and Wales)

A F HOLDINGS (AFH) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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A F HOLDINGS (AFH) LIMITED

COMPANY INFORMATION

Directors	Mr D G Neville Mr A D Neville
Company number	09913148
Registered office	Mount Road Burntwood Staffordshire WS7 0AX
Auditor	Friend Partnership Limited Eleven Brindleyplace 2 Brunswick Square Birmingham B1 2LP
Accountants	Isonomy Advisory Limited Rapid House, Unit 1 Fairground Way Walsall WS1 4NU

A F HOLDINGS (AFH) LIMITED

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A F HOLDINGS (AFH) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report of the company and the group for the year ended 31 December 2022.

Principal activities

The principal activity of the company during the year is that of a holding company, providing management services to the group.

The principal activity of the group is the manufacturing of steel fabrications and material handling equipment.

There have been no significant changes in the company's or group's principal activity in the period under review.

Fair review of the business

The profit and loss account is set out on page 8 and shows turnover for the year of £16m (2021: £10.9m) and profit before tax for the year of £636,527 (2021: £569,566)

Turnover has increased by 47.5%, however gross margin has fallen from 10.51 % to 9.72%. Gross margin has been impacted by the significant cost increases in steel. In addition to this, performance has been impacted by the high cost of inflation that has impacted the whole of the steel industry.

The company has performed financially, operationally and strategically in line with management expectations for the year ended 31 December 2022 and the directors plan to at least maintain such a standard of performance going forward, given the risks and opportunities posed by the current climate.

Employee turnover and attendance has maintained consistent and positive performance, as in previous years.

Key performance indicators

The key performance indicators used by the company are:

	2022	2021
	£000's	£000's
Turnover	16,082	10,901
Average annual Turnover per productive staff	206	147
Average annual Gross profit per productive staff	20	15
Average annual Profit after tax per productive staff	7	6
Average annual Turnover per total staff	194	138
Average annual Gross profit per total staff	18	14
Average annual Profit after tax per total staff	6	6

A F HOLDINGS (AFH) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties which are constantly monitored. The market for the purchase of steel is increasingly competitive. The company seeks to manage the risk of losing customers to competitors by maintaining strong relationships with key customers and ensuring that their needs are satisfied.

The main risks arising from the company's activities are:

Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers.

Liquidity risk

The directors prepare management information on a monthly basis for the year ending 31 December 2022 and beyond, and the company monitors cash flow as part of its day to day control procedures. The company has considerable financial resources and cash headroom and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Price risk

The company is exposed to commodity price risk as a result of its activities. Volatility in steel prices are mitigated through fixed price agreements with a range of key suppliers.

Legislation

New or proposed legislation governing all aspects of the business are reviewed routinely. The business is committed to responding positively to new regulation.

Quality and environmental risk

Management continually identifies and manages risks and opportunities via the Company's quality and environmental management system, which is accredited to ISO 9001 and ISO 14001. Current risks under review include; the rising costs of energy and materials, wastage and the reduction of carbon footprint.

Future developments

Future developments will continue to address those risks and opportunities as stated above. The business continues to operate in line with the results for 2022 and expectations.

On behalf of the board



Mr A D Neville
Director

Date: 22/8/23

A F HOLDINGS (AFH) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company during the year is that of a holding company, providing management services to the group.

The principal activity of the group is the manufacturing of steel fabrications and material handling equipment.

There have been no significant changes in the company's or group's principal activity in the period under review.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. 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:

Mr D G Neville
Mr A D Neville

Auditor

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the 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.

Post balance sheet events

There have been no significant events affecting the group since the year-end.

On behalf of the board



Mr A D Neville
Director

Date: 22/8/23

A F HOLDINGS (AFH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

A F HOLDINGS (AFH) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A F HOLDINGS (AFH) LIMITED

Opinion

We have audited the financial statements of A F Holdings (AFH) Limited (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, 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 affairs of the group and the company as at 31 December 2022 and of the group's profit 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.

A F HOLDINGS (AFH) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A F HOLDINGS (AFH) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: Companies Act 2006 and Financial Reporting Standard 102 (UK GAAP).
- we understood how the company is complying with those legal and regulatory frameworks by making enquiries of management; we corroborated our findings as part of our audit procedures.

We assessed the susceptibility of the financial statements of the group and the company to material misstatement, including how fraud might occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations or the override of internal controls. Audit procedures performed by the audit team included:

- identifying and assessing the design and effectiveness of internal controls in place to prevent and detect fraud;
- challenging assumptions and judgements made by management in significant accounting estimates;
- identifying and testing journal entries, in particular those made at the year-end for financial statement presentation;
- assessing the extent of compliance with relevant laws and regulations as part of our procedures on the related financial item.

We did not identify any key audit matters relating to irregularities, including fraud.

A F HOLDINGS (AFH) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A F HOLDINGS (AFH) LIMITED

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.

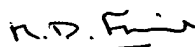
Other matters

The financial statements of A F Holdings (AFH) Limited for the year ended 31 December 2021 were unaudited.

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.

Malcolm Friend (Senior Statutory Auditor)
For and on behalf of Friend Partnership Limited



Statutory Auditor

Date: 22 August 2022

Eleven Brindleyplace
2 Brunswick Square
Birmingham
B1 2LP

A F HOLDINGS (AFH) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	as restated £
Turnover	3	16,082,008	10,901,441
Cost of sales		(14,519,471)	(9,755,135)
Gross profit		1,562,537	1,146,306
Administrative expenses		(816,855)	(704,954)
Other operating income		-	142,182
Operating profit	4	745,682	583,534
Interest payable and similar expenses	8	(9,155)	(13,968)
Amounts written off investments	9	(100,000)	-
Profit before taxation		636,527	569,566
Tax on profit	10	(55,887)	(258,824)
Profit for the financial year	23	580,640	310,742

Profit for the financial year is all attributable to the owners of the parent company.

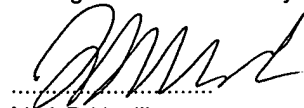
A F HOLDINGS (AFH) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		352,283		317,154
Investment property	12		900,000		1,000,000
			<u>1,252,283</u>		<u>1,317,154</u>
Current assets					
Stocks	15	1,613,733		1,161,058	
Debtors	16	1,294,920		978,240	
Cash at bank and in hand		1,535,616		1,253,563	
		<u>4,444,269</u>		<u>3,392,861</u>	
Creditors: amounts falling due within one year	17	(2,478,797)		(1,908,012)	
Net current assets			<u>1,965,472</u>		<u>1,484,849</u>
Total assets less current liabilities			<u>3,217,755</u>		<u>2,802,003</u>
Creditors: amounts falling due after more than one year	18		-		(167,211)
Provisions for liabilities					
Deferred tax liability	20	261,821		259,498	
		<u>(261,821)</u>		<u>(259,498)</u>	
Net assets			<u>2,955,934</u>		<u>2,375,294</u>
Capital and reserves					
Called up share capital	22		100		100
Revaluation reserve	23		795,000		795,000
Profit and loss reserves	23		2,160,834		1,580,194
Total equity			<u>2,955,934</u>		<u>2,375,294</u>

The financial statements were approved by the board of directors and authorised for issue on 22/8/23 and are signed on its behalf by:


 Mr A D Neville
 Director

Company registration number 09913148 (England and Wales)

A F HOLDINGS (AFH) LIMITED

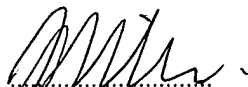
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		352,283		317,154
Investment property	12		900,000		1,000,000
Investments	13		1		1
			<u>1,252,284</u>		<u>1,317,155</u>
Current assets					
Debtors	16	698,349		514,955	
Creditors: amounts falling due within one year	17	(12,226)		(6,533)	
Net current assets			<u>686,123</u>		<u>508,422</u>
Total assets less current liabilities			<u>1,938,407</u>		<u>1,825,577</u>
Provisions for liabilities					
Deferred tax liability	20	261,821		259,498	
			<u>(261,821)</u>		<u>(259,498)</u>
Net assets			<u>1,676,586</u>		<u>1,566,079</u>
Capital and reserves					
Called up share capital	22		100		100
Revaluation reserve	23		795,000		795,000
Profit and loss reserves	23		881,486		770,979
Total equity			<u>1,676,586</u>		<u>1,566,079</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 £110,507 (2021 - £9,952 profit).

The financial statements were approved by the board of directors and authorised for issue on 22/8/23 and are signed on its behalf by:


 Mr A D Neville
 Director

Company registration number 09913148 (England and Wales)

A F HOLDINGS (AFH) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2021:					
Balance at 1 January 2021	100	-	795,000	1,269,452	2,064,552
Year ended 31 December 2021:					
Profit and total comprehensive income	-	-	-	509,492	509,492
Prior year adjustment	-	-	-	(198,750)	(198,750)
Balance at 31 December 2021	100	-	795,000	1,580,194	2,375,294
Year ended 31 December 2022:					
Profit and total comprehensive income	-	-	-	580,640	580,640
Balance at 31 December 2022	100	-	795,000	2,160,834	2,955,934

A F HOLDINGS (AFH) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
As restated for the period ended 31 December 2021:				
Balance at 1 January 2021	100	795,000	761,027	1,556,127
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	208,702	208,702
Prior year adjustment	-	-	(198,750)	(198,750)
Balance at 31 December 2021	100	795,000	770,979	1,566,079
Year ended 31 December 2022:				
Profit and total comprehensive income	-	-	110,507	110,507
Balance at 31 December 2022	100	795,000	881,486	1,676,586

A F HOLDINGS (AFH) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27		623,929		516,467
Interest paid			(9,155)		(13,968)
Income taxes (paid)/refunded			(24,223)		28,828
Net cash inflow from operating activities			590,551		531,327
Investing activities					
Purchase of tangible fixed assets		(70,500)		(77,673)	
Net cash used in investing activities			(70,500)		(77,673)
Financing activities					
Repayment of debentures		-		(39,700)	
Repayment of borrowings		(185,711)		(43,664)	
Repayment of bank loans		(52,287)		31,662	
Net cash used in financing activities			(237,998)		(51,702)
Net increase in cash and cash equivalents			282,053		401,952
Cash and cash equivalents at beginning of year			1,253,563		851,611
Cash and cash equivalents at end of year			1,535,616		1,253,563

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

A F Holdings (AFH) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Mount Road, Burntwood, Staffordshire, England, WS7 0AX.

The group consists of A F Holdings (AFH) 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

1.2 Prior year error

A property revaluation was carried out during the year 31 December 2022 resulting in a property revaluation loss and a deferred tax asset. In the prior year no deferred tax was included within the financial statements, a prior year adjustment has been made to include deferred tax on the property at £198,750 for the year ended 31 December 2021.

1.3 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.

1.4 Basis of consolidation

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

All financial statements are made up to 31 December 2022. 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.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

1.5 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 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.

1.7 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:

Plant and equipment	10% reducing balance
---------------------	----------------------

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.

1.8 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

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 assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

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

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.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

3 Turnover and other revenue

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

	2022 £	2021 £
Turnover analysed by geographical market		
United States	1,811,379	896,815
United Kingdom	14,270,629	10,004,626
	<u>16,082,008</u>	<u>10,901,441</u>
	2022 £	2021 £
Other revenue		
Grants received	-	142,182
	<u>-</u>	<u>142,182</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(40)	-
Government grants	-	(142,182)
Depreciation of owned tangible fixed assets	35,371	31,505
Operating lease charges	8,280	8,280
	<u>35,371</u>	<u>31,505</u>

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor		
For audit services		
Audit of the financial statements of the group and company	10,000	-
	<u>10,000</u>	<u>-</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Productive staff	78	74	-	-
Admin staff	5	5	2	2
Total	<u>83</u>	<u>79</u>	<u>2</u>	<u>2</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,477,398	2,697,003	-	-
Social security costs	306,354	242,998	-	-
Pension costs	47,714	45,770	-	-
	<u>3,831,466</u>	<u>2,985,771</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>114,636</u>	<u>92,003</u>

During the year retirement benefits accrued to 1 director (2021:1) in respect of a defined contribution scheme.

The value of the company's contributions paid to a defined contribution scheme amounted to £1,293 (2021: £1,245)

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	9,155	13,968

9 Amounts written off investments

	2022 £	2021 £
Changes in the fair value of investment properties	(100,000)	-

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	129,110	92,081
Adjustments in respect of prior periods	(75,547)	(41,267)
Total current tax	53,563	50,814
Deferred tax		
Origination and reversal of timing differences	2,324	208,010
Total tax charge	55,887	258,824

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

	2022 £	2021 £
Profit before taxation	636,527	569,566
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	120,940	108,218
Tax effect of expenses that are not deductible in determining taxable profit	6,720	5,985
Tax effect of utilisation of tax losses not previously recognised	-	(8,349)
Adjustments in respect of prior years	(47,664)	-
Permanent capital allowances in excess of depreciation	(17,413)	(14,758)
Research and development tax credit	(27,883)	(41,267)
Effect of revaluations of investments	19,000	-
Deferred tax adjustments in respect of prior years	2,324	208,010
Pension deduction	(137)	985
Taxation charge	55,887	258,824

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 1 January 2022	454,381
Additions	70,500
	<hr/>
At 31 December 2022	524,881
	<hr/>
Depreciation and impairment	
At 1 January 2022	137,227
Depreciation charged in the year	35,371
	<hr/>
At 31 December 2022	172,598
	<hr/>
Carrying amount	
At 31 December 2022	352,283
	<hr/> <hr/>
At 31 December 2021	317,154
	<hr/> <hr/>
Company	Plant and equipment £
Cost	
At 1 January 2022	454,381
Additions	70,500
	<hr/>
At 31 December 2022	524,881
	<hr/>
Depreciation and impairment	
At 1 January 2022	137,227
Depreciation charged in the year	35,371
	<hr/>
At 31 December 2022	172,598
	<hr/>
Carrying amount	
At 31 December 2022	352,283
	<hr/> <hr/>
At 31 December 2021	317,154
	<hr/> <hr/>

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 January 2022	1,000,000	1,000,000
Revaluations	(100,000)	(100,000)
At 31 December 2022	<u>900,000</u>	<u>900,000</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 18 May 2023 by Towler Shaw Roberts, RICS registered surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

13 Fixed asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Unlisted investments	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

Movements in fixed asset investments Company

Cost or valuation

At 1 January 2022 and 31 December 2022

**Investments
£**

1

Carrying amount

At 31 December 2022

1

At 31 December 2021

1

14 Subsidiary

Details of the company's subsidiary at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Aldridge Fabrications (AF) Limited	Mount Road, Staffordshire, WS7 0AX	Ordinary Shares	100.00

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	774,481	603,565	-	-
Work in progress	839,252	557,493	-	-
	<u>1,613,733</u>	<u>1,161,058</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	1,286,153	978,240	-	-
Amounts owed by group undertakings	-	-	698,349	514,955
Prepayments and accrued income	8,767	-	-	-
	<u>1,294,920</u>	<u>978,240</u>	<u>698,349</u>	<u>514,955</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loan	19	-	52,287	-	-
Other borrowings	19	-	18,500	-	-
Trade creditors		1,586,139	1,482,948	-	-
Corporation tax payable		121,422	92,081	12,226	6,533
Other taxation and social security		358,376	183,615	-	-
Other creditors		78,039	-	-	-
Accruals and deferred income		334,821	78,581	-	-
		<u>2,478,797</u>	<u>1,908,012</u>	<u>12,226</u>	<u>6,533</u>

Bank loan relates to the Coronavirus Business Interruption Loan (CBILS). The Coronavirus Business Interruption Loan is repayable no later than 5 years being June 2025 by monthly instalments and is subject to an interest rate of 6.85% following a 12 month interest free period. The CBILS loan has been repaid in full during the financial year.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	-	167,211	-	-

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loan	-	52,287	-	-
Other loans	-	185,711	-	-
	<u>-</u>	<u>237,998</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>237,998</u>	<u>-</u>	<u>-</u>
Payable within one year	-	70,787	-	-
Payable after one year	-	167,211	-	-
	<u>-</u>	<u>167,211</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>167,211</u>	<u>-</u>	<u>-</u>

See note 17 for disclosure regarding bank loans.

20 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £
Deferred tax	286,821	60,748
Revaluations	(25,000)	-
Prior year adjustment	-	198,750
	<u>261,821</u>	<u>259,498</u>
	<u>261,821</u>	<u>259,498</u>
Company	Liabilities 2022 £	Liabilities 2021 £
Deferred tax	286,821	60,748
Revaluations	(25,000)	-
Prior year adjustment	-	198,750
	<u>261,821</u>	<u>259,498</u>
	<u>261,821</u>	<u>259,498</u>

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Deferred taxation

(Continued)

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	259,498	259,498
Charge to profit and loss	2,323	2,323
Liability at 31 December 2022	<u>261,821</u>	<u>261,821</u>

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>47,714</u>	<u>45,770</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.

22 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

23 Reserves

Revaluation reserve

The revaluation reserve includes the revaluation of the group's leasehold property.

Profit and loss account

The profit and loss account includes all current and prior periods' retained profits and losses less dividends paid.

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 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		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	15,562	9,069	-	-
Between two and five years	19,032	6,045	-	-
	<u>34,594</u>	<u>15,114</u>	<u>-</u>	<u>-</u>

25 Related party transactions

During the year the company paid rent for a property to a member of key management personnel. Total rents paid in the year to 31 December 2022 were £67,926 (2021: £69,232). No amounts are outstanding (2021: £NIL)

26 Controlling party

The ultimate controlling party is Alex Neville.

27 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	580,640	310,742
Adjustments for:		
Taxation charged	55,887	258,824
Finance costs	9,155	13,968
Fair value loss on investment properties	100,000	-
Depreciation and impairment of tangible fixed assets	35,371	31,505
Movements in working capital:		
Increase in stocks	(452,675)	(329,233)
(Increase)/decrease in debtors	(316,680)	25,850
Increase in creditors	612,231	204,811
Cash generated from operations	<u>623,929</u>	<u>516,467</u>

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Cash absorbed by operations - company

	2022 £	2021 £
Profit for the year after tax	110,507	9,952
Adjustments for:		
Taxation charged	10,122	214,543
Investment income	(100,000)	(100,000)
Fair value loss on investment properties	100,000	-
Depreciation and impairment of tangible fixed assets	35,371	31,505
Movements in working capital:		
Increase in debtors	(183,394)	(178,328)
Cash absorbed by operations	<u>(27,394)</u>	<u>(22,328)</u>

29 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	1,253,563	282,053	1,535,616
Borrowings excluding overdrafts	(237,998)	237,998	-
	<u>1,015,565</u>	<u>520,051</u>	<u>1,535,616</u>

30 Prior year adjustment

Reconciliation of changes in equity - group

	1 January 2021 £	31 December 2021 £
Adjustments to prior year		
Prior year adjustment	-	(198,750)
Equity as previously reported	2,064,552	2,574,044
Equity as adjusted	<u>2,064,552</u>	<u>2,375,294</u>

Reconciliation of changes in profit for the previous financial period

	2021 £
Adjustments to prior year	
Prior year adjustment	(198,750)
Profit as previously reported	509,492
Profit as adjusted	<u>310,742</u>

A F HOLDINGS (AFH) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

30 Prior year adjustment

(Continued)

Reconciliation of changes in equity - company

	1 January 2021 £	31 December 2021 £
Adjustments to prior year		
Deferred tax on revaluation	-	(198,750)
Equity as previously reported	1,556,127	1,764,829
Equity as adjusted	<u>1,556,127</u>	<u>1,566,079</u>

Reconciliation of changes in profit for the previous financial period

	2021 £
Adjustments to prior year	
Deferred tax on revaluation	(198,750)
Profit as previously reported	208,702
Profit as adjusted	<u>9,952</u>

Notes to reconciliation

A property revaluation was carried out during the year ended 31 December 2022 resulting in a property revaluation loss and a deferred tax asset. In the prior year no deferred tax was included within the financial statements, a prior year adjustment has been made to include deferred tax on the property at £198,750 for the year ended 31 December 2021.