

Company registration number: NI022906

Specialist Joinery Fittings Limited

Financial statements

30 April 2021

Specialist Joinery Fittings Limited

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Specialist Joinery Fittings Limited

Directors and other information

Directors	Mr John O'Hagan	
	Mrs Teresa O'Hagan	
	Mr Coilin Campbell	
	Mr Martin Collins	
	Mr Kevin Donaghy	(Appointed 17 December 2020)
	Mr Ciaran O'Hagan	
	Mr Sean O'Hagan	
	Mr Dermot O'Hagan	
	Mr Liam McCaffrey	(Appointed 17 December 2020)
	Mrs Karen Trainor	
Secretary	Mrs Teresa O'Hagan	
Company number	NI022906	
Registered office	100 Coleraine Road	
	Maghera	
	BT46 5BP	
Business address	100 Coleraine Road	
	Maghera	
	BT46 5BP	
Auditor	David McQuillan & Company	
	Glendinning House	
	6 Murray Street	
	Belfast	
	BT1 6DN	

Bankers

Danske Bank
North Business Centre
1-2 Broadway
Ballymena
BT43 6EA

Specialist Joinery Fittings Limited

Strategic report

Year ended 30 April 2021

Introduction

The directors present their strategic report for the year ended 30 April 2021.

Principal activity and review of the business

The principal activity of the company is the manufacture and supply of bespoke joinery for commercial, residential, healthcare, education and laboratory furniture.

Considering this was a full year of the Covid-19 pandemic, the year ended 30 April 2021 was another good year for the company achieving turnover of £22.2M representing a 5% decrease in turnover since 30 April 2020. This decrease is a direct result of the pandemic, offset by our continued efforts to build strong relationships with our key customers and the continuous delivery of high-quality product and services.

A further £0.9M was invested in this year to strengthen our logistics and manufacturing capabilities. Our investment in additional edge banding equipment having further enhanced our ability to meet tight deadlines and allowing us to maintain our capacity at £30M per annum.

In order to streamline communication within the business and connect all operations, we have also made an investment of £0.5M in our new business management tool, "The Specialist Way". A few of the key outputs of this system are the automation of workflows and connection of data which enables us to manage our business and our projects with real time data and deliver an exceptional customer experience.

Our continued responsibility to the environment is demonstrated in the continued use of our wood waste boiler and solar panels to generate 50% of the electricity we used and our ongoing partnership with 3T Energy saw the company maintain a fully green electricity supply exclusively generated in Northern Ireland.

Having established our carbon footprint, we are currently working on a strategy to reduce our overall carbon emissions, this involves the consideration of renewable energy, energy efficient transport, recyclables and waste management. Our investment throughout the year in bee farming has also formed part of our contribution towards our environment.

We continue to invest in our staff training through the ongoing development of our Specialist Training Academy for our apprentices across a number of departments, including Woodworking, Accounts, Marketing, Surveying and Design and by providing for both the physical and mental well being of our employees. Alongside and on behalf of our staff we have supported the local and wider community through various donations and fundraising events, donating over £40K to charities throughout the island of Ireland & GB.

Financial key performance indicators

Covid-19 impacted our growth in turnover for the year ended 30 April 2021, we incurred a 5% fall against our projected growth target of 10%, our gross profit percentage was maintained at 20% and we retained an operating profit for the year of £1.28M. Combined with tight financial management, this took our Net Current Assets to £7.5M and our Net Assets to £8.9M.

Principal risks and uncertainties

The principal risk to the business remains the effect of Covid-19. Our primary focus has been the health, safety and well being of our staff and our customers. All measures possible have been put in place both within the factory and on site and the directors continue to keep informed of all developments and manage the business in line with government guidelines. As the economy seeks to transition to a post pandemic position, the company is faced with the risk of uncertainty surrounding the supply and cost of labour, the rise in material costs and logistics. The possible impact on these are continually reviewed by management to ensure minimum disruption and effect on our customers.

In order to manage other risks and uncertainties affecting the company we have developed a companywide strategy to not only maintain our existing relationships with customers but to continue to grow our market share and expand further within the construction and fitout markets. In order to limit exposure, further growth will be targeted through our Group structure across all sectors with our joinery, glass, metal and installations offerings and by widening our customer base.

This strategy is underpinned in the restructure and development of our Senior Management Team. This has enabled us to focus on our customer needs, increase our market presence and connect at all levels with our customers throughout a project. Customer Reviews & feedback are a key method now being used to manage this journey and to continuously improve our levels of service.

We continue to provide a solutions focused approach and to bring new and innovative products to the market. Our Group offering of Joinery, Glass, Metal & Installation alongside our aspirations for further product offerings is key in our future development.

We demonstrate our high level of quality product and service through the accreditation of ISO 9001 & 14001, FSC & PEFC and through our FORs accreditation in relation to our delivery standards.

Financial risk management

The company uses various financial instruments including bank loans, overdrafts, cash and various items, such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company operations.

The main risks arising from the company's financial instruments are credit risk, liquidity risk and interest rate risk. The directors review and agree policies for the prudent management of these risks as follows: -

Credit Risk

The company performs credit checks on all new customers, places a credit limit on debtors and has credit insurance in place for the majority of customers

Liquidity and Cashflow Risk

A large emphasis is placed on managing cashflow in the business with regular reviews on cashflow requirements. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by overdraft facilities.

Interest Rate Risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed through annual review of its borrowing requirements and, where appropriate, through the use of fixed or floating interest arrangements.

Future developments

The company remains focused on our existing and future customers by investing in our premises, our people and our plant. The directors forecast that turnover in the year ending 30 April 2022 will increase to £25M of which £18M is already delivered. Turnover forecast for the year ending 30 April 2023 is £30M of which £10M is already secured.

This report was approved by the board of directors on 28 January 2022 and signed on behalf of the board by:

Mr John O'Hagan

Director

Specialist Joinery Fittings Limited

Directors report

Year ended 30 April 2021

The directors present their report and the financial statements of the company for the year ended 30 April 2021.

Directors

The directors who served the company during the year were as follows:

Mr John O'Hagan

Mrs Teresa O'Hagan

Mr Coilin Campbell

Mr Martin Collins

Mr Kevin Donaghy

(Appointed 17 December 2020)

Mr Ciaran O'Hagan

Mr Sean O'Hagan

Mr Dermot O'Hagan

Mr Liam McCaffrey

(Appointed 17 December 2020)

Mrs Karen Trainor

Dividends

The directors do not recommend the payment of a dividend.

Future developments

Details of future developments are addressed in the Strategic Report.

Financial instruments

Details of financial instruments are addressed in the Strategic Report.

Disclosure of information in the strategic report.

The directors have chosen to include a business review, the key performance indicators, the principal risks and uncertainties and the future developments of the company in the strategic report.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and -
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 28 January 2022 and signed on behalf of the board by:

Mr John O'Hagan

Director

Specialist Joinery Fittings Limited

Independent auditor's report to the members of

Specialist Joinery Fittings Limited

Year ended 30 April 2021

Opinion

We have audited the financial statements of Specialist Joinery Fittings Limited (the 'company') for the year ended 30 April 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements: - give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with the Companies Act 2006, UK tax legislation, environmental and health and safety legislation and FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". We focused on laws and regulations that could give rise to material misstatement in the financial statements. Our tests included but were not limited to: - agreeing the financial statement disclosures to underlying supporting documentation; - enquiries of management; and - considering the effectiveness of the control environment and monitoring compliance with laws and regulations. To address the risk of fraud through management bias and override of controls we performed analytical procedures to identify any unusual or unexpected relationships, tested journal entries to identify unusual transactions and investigated the rationale behind significant or unusual transactions. We also communicated relevant identified laws and regulations and potential fraud risk to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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 auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David McQuillan (Senior Statutory Auditor)

For and on behalf of

David McQuillan & Company

Chartered Accountants and Statutory Auditor

Glendinning House

6 Murray Street

Belfast

BT1 6DN

28 January 2022

Specialist Joinery Fittings Limited

Statement of comprehensive income

Year ended 30 April 2021

		2021	2020
	Note	£	£
Turnover	4	22,219,302	23,409,552
Cost of sales		(17,862,041)	(18,667,039)
		<u> </u>	<u> </u>
Gross profit		4,357,261	4,742,513
Distribution costs		(270,708)	(415,916)
Administrative expenses		(4,355,402)	(4,075,169)
Other operating income	5	1,547,182	1,118,228
		<u> </u>	<u> </u>
Operating profit	6	1,278,333	1,369,656
Gain on disposal of shares in subsidiaries		1,855,400	-
Other interest receivable and similar income	9	-	42
Interest payable and similar expenses	10	(124,284)	(126,531)
		<u> </u>	<u> </u>
Profit before taxation		3,009,449	1,243,167
Tax on profit	11	(172,795)	(175,028)
		<u> </u>	<u> </u>
Profit for the financial year and total comprehensive income		2,836,654	1,068,139
		<u> </u>	<u> </u>

All the activities of the company are from continuing operations.

Specialist Joinery Fittings Limited

Statement of financial position

30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	6,048,419	5,859,781
Investments	13	-	24,600
		<u>6,048,419</u>	<u>5,884,381</u>
Current assets			
Stocks	14	3,268,261	1,694,298
Debtors	15	8,948,059	3,730,797
Cash at bank and in hand		1,827,351	2,178,973
		<u>14,043,671</u>	<u>7,604,068</u>
Creditors: amounts falling due within one year	17	(6,488,259)	(4,180,680)
Net current assets		<u>7,555,412</u>	<u>3,423,388</u>
Total assets less current liabilities		<u>13,603,831</u>	<u>9,307,769</u>
Creditors: amounts falling due after more than one year	18	(4,422,705)	(3,013,297)
Provisions for liabilities	20	(200,000)	(150,000)
Net assets		<u>8,981,126</u>	<u>6,144,472</u>
Capital and reserves			
Called up share capital	25	124,500	124,500
Profit and loss account	26	8,856,626	6,019,972
Shareholders funds		<u>8,981,126</u>	<u>6,144,472</u>

These financial statements were approved by the board of directors and authorised for issue on 28 January 2022 , and are signed on behalf of the board by:

Mr John O'Hagan

Director

Company registration number: NI022906

Specialist Joinery Fittings Limited

Statement of changes in equity

Year ended 30 April 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 May 2019	100,000	4,951,833	5,051,833
Profit for the year		1,068,139	1,068,139
Total comprehensive income for the year	<u>-</u>	<u>1,068,139</u>	<u>1,068,139</u>
Issue of shares	24,500		24,500
Total investments by and distributions to owners	<u>24,500</u>	<u>-</u>	<u>24,500</u>
At 30 April 2020 and 1 May 2020	<u>124,500</u>	<u>6,019,972</u>	<u>6,144,472</u>
Profit for the year		2,836,654	2,836,654
Total comprehensive income for the year	<u>-</u>	<u>2,836,654</u>	<u>2,836,654</u>
At 30 April 2021	<u>124,500</u>	<u>8,856,626</u>	<u>8,981,126</u>

Specialist Joinery Fittings Limited**Statement of cash flows****Year ended 30 April 2021**

	2021	2020
Note	£	£
Cash flows from operating activities		
Profit for the financial year	2,836,654	1,068,139
<i>Adjustments for:</i>		
Depreciation of tangible assets	750,509	779,743
Government grant income	(686,205)	(272,328)
Other interest receivable and similar income	-	(42)
Interest payable and similar expenses	124,284	126,531
Gain/(loss) on disposal of tangible assets	-	(960)
Gain/(loss) on sale of shares in subsidiaries	(1,855,400)	-
Tax on profit	172,795	175,028
Accrued expenses/(income)	479,670	(275,161)
<i>Changes in:</i>		
Stocks	(1,573,963)	(149,416)
Trade and other debtors	(5,217,262)	557,289
Trade and other creditors	(231,022)	(844,249)
Cash generated from operations	(5,199,940)	1,164,574
Interest paid	(124,284)	(126,531)
Interest received	-	42
Tax paid	(146,710)	(242,570)
Net cash (used in)/from operating activities	(5,470,934)	795,515
Cash flows from investing activities		
Purchase of tangible assets	(939,147)	(651,107)
Proceeds from sale of tangible assets	-	9,600
Acquisition of subsidiaries	-	(24,600)
Proceeds from sale of subsidiaries	1,880,000	-
Net cash from/(used in) investing activities	940,853	(666,107)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	24,500
Proceeds from borrowings	1,408,067	(205,703)
Proceeds from loans from group undertakings	632,801	375,071
Government grant income	686,205	272,328
Payment of finance lease liabilities	94,999	(117,815)
Net cash from financing activities	2,822,072	348,381

Net increase/(decrease) in cash and cash equivalents		<u>(1,708,009)</u>	<u>477,789</u>
Cash and cash equivalents at beginning of year	16	2,149,157	1,671,368
Cash and cash equivalents at end of year	16	<u>441,148</u>	<u>2,149,157</u>

Specialist Joinery Fittings Limited

Notes to the financial statements

Year ended 30 April 2021

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 100 Coleraine Road, Maghera, BT46 5BP.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Triennial review 2017 amendments to the standard have been early adopted.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgementsThe judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:Recoverability of debtorsTrade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made against specific invoices where recoverability is uncertain.Key sources of estimation uncertaintyAccounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:Amounts recoverable on long term contractsThe company applies its policies on turnover and long term contracts when recognising revenue and profit on partially completed contracts. The application of this policy requires estimates to be made in respect of the percentage of work completed and the total expected costs to complete on each contract. The company has processes in place to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2 % straight line
Plant and machinery	-	15 % straight line
Fittings fixtures and equipment	-	15 % straight line
Motor vehicles	-	25 % straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end. Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred. The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Construction contracts	22,219,302	23,409,552
	<hr/>	<hr/>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2021	2020
	£	£
Management charges receivable	840,000	840,000
Government grant income	686,205	272,328
Other operating income	20,977	5,900
	<u>1,547,182</u>	<u>1,118,228</u>

6. Operating profit

Operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible assets	750,509	779,743
(Gain)/loss on disposal of tangible assets	-	(960)
Impairment of trade debtors	-	12,559
Operating lease rentals	16,072	17,003
Foreign exchange differences	652	(49,412)
Fees payable for the audit of the financial statements	12,500	12,500
	<u> </u>	<u> </u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
Production staff	93	98
Administrative staff	68	56
	<u>161</u>	<u>154</u>

The aggregate payroll costs incurred during the year were:

	2021	2020
	£	£
Wages and salaries	5,027,115	5,070,707
Other pension costs	258,939	95,374
	<u>5,286,054</u>	<u>5,166,081</u>

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	248,366	627,551
Company contributions to pension schemes in respect of qualifying services	172,488	18,400
	<u>420,854</u>	<u>645,951</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	Number	Number
Defined contribution plans	7	7

Remuneration of the highest paid directors in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	76,146	102,724
Company contributions to pension plans in respect of qualifying services	1,314	1,063
	<u>77,460</u>	<u>103,787</u>

9. Other interest receivable and similar income

	2021	2020
	£	£
Bank deposits	-	42

10. Interest payable and similar expenses

	2021	2020
	£	£
Bank loans and overdrafts	85,213	92,958
Other loans made to the company:		
Finance leases and hire purchase contracts	39,071	33,573
	<u>124,284</u>	<u>126,531</u>

11. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	150,736	174,651
Adjustments in respect of previous periods	(27,941)	377
	<u>122,795</u>	<u>175,028</u>
Total current tax	122,795	175,028
Deferred tax:		
Origination and reversal of timing differences	50,000	-
	<u>172,795</u>	<u>175,028</u>
Tax on profit	<u>172,795</u>	<u>175,028</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00 % (2020: 19.00%).

	2021 £	2020 £
Profit before taxation	3,009,449	1,243,167
	<u>571,795</u>	<u>236,202</u>
Profit multiplied by rate of tax	571,795	236,202
Adjustments in respect of prior periods	(27,941)	377
Effect of expenses not deductible for tax purposes	44,266	21,223
Effect of capital allowances and depreciation	(36,799)	(16,274)
Effect of revenue exempt from tax	(352,526)	-
Effect of R & D enhanced expenditure	(76,000)	(66,500)
Origination and reversal of timing differences	50,000	-
	<u>172,795</u>	<u>175,028</u>
Tax on profit	<u>172,795</u>	<u>175,028</u>

12. Tangible assets

	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2020	3,703,150	5,342,902	1,040,933	954,485	11,041,470
Additions	146,287	487,911	188,938	116,011	939,147
At 30 April 2021	3,849,437	5,830,813	1,229,871	1,070,496	11,980,617
Depreciation					
At 1 May 2020	216,010	3,391,335	928,891	645,453	5,181,689
Charge for the year	36,300	510,644	90,396	113,169	750,509
At 30 April 2021	252,310	3,901,979	1,019,287	758,622	5,932,198
Carrying amount					
At 30 April 2021	3,597,127	1,928,834	210,584	311,874	6,048,419
At 30 April 2020	3,487,140	1,951,567	112,042	309,032	5,859,781

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery	Motor vehicles
	£	£
At 30 April 2021	993,575	294,254
At 30 April 2020	881,334	198,560

13. Investments

	Shares in group undertakings £	Total £
Cost		
At 1 May 2020	24,600	24,600
Disposals	(24,600)	(24,600)
At 30 April 2021	-	-
Impairment		
At 1 May 2020 and 30 April 2021	-	-
Carrying amount		
At 30 April 2021	-	-
At 30 April 2020	24,600	24,600

All subsidiary shares were sold to Specialist Group Holdings Limited.

14. Stocks

	2021 £	2020 £
Raw materials	1,483,958	914,298
Work in progress	1,784,303	780,000
	3,268,261	1,694,298

15. Debtors

	2021 £	2020 £
Trade debtors	2,702,786	1,884,841
Amounts owed by group undertakings	3,667,641	261,229
Amounts owed by customers on construction contracts	1,690,474	733,459
Prepayments and accrued income	306,898	345,528
Other debtors	580,260	505,740
	8,948,059	3,730,797

16. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	1,827,351	2,178,973
Bank overdrafts	(1,386,203)	(29,816)
	<u>441,148</u>	<u>2,149,157</u>

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	1,862,833	229,816
Payments received on account	494,500	574,000
Trade creditors	1,386,385	1,522,990
Amounts owed to group undertakings	1,007,872	375,071
Accruals and deferred income	1,134,002	654,332
Corporation tax	150,736	174,651
Social security and other taxes	83,541	321,492
Obligations under finance leases	368,390	328,328
	<u>6,488,259</u>	<u>4,180,680</u>

The bank loans and overdraft are secured by way of legal mortgages over the freehold property, a fixed and floating charge over the assets of the company, a guarantee for £1.4m from the Department for Business, Energy and Industrial Strategy and a cross guarantee from Specialist Joinery Overseas Limited. The obligations under finance leases are secured against the assets to which they relate.

The bank loans are capital and interest repayment loans, due to be repaid between January 2022 and October 2031. Repayments are made monthly or quarterly in arrears with interest being charged between Base plus 3% and 3.79%.

18. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	2,991,487	1,860,050
Accruals and deferred income	750,802	527,768
Obligations under finance leases	680,416	625,479
	<u>4,422,705</u>	<u>3,013,297</u>

The bank loans and overdraft are secured by way of legal mortgages over the freehold property, a fixed and floating charge over the assets of the company, a guarantee for £1.4m from the Department for Business, Energy and Industrial Strategy and a cross guarantee from Specialist Joinery Overseas Limited. The obligations under finance leases are secured against the assets to which they relate.

Included within creditors: amounts falling due after more than one year is an amount of £ 1,142,871 (2020 £ 1,036,490) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loans are capital and interest repayment loans, due to be repaid between January 2022 and October 2031. Repayments are made monthly or quarterly in arrears with interest being charged between Base plus 3% and 3.79%.

19. Obligations under finance leases

Company lessee

The total future minimum lease payments under finance lease agreements are as follows:

	2021	2020
	£	£
Not later than 1 year	435,154	360,503
Later than 1 year and not later than 5 years	716,431	686,773
	<u>1,151,585</u>	<u>1,047,276</u>
Less: future finance charges	(102,779)	(93,469)
	<u>1,048,806</u>	<u>953,807</u>

20. Provisions

	Deferred tax (note 21) £	Total £
At 1 May 2020	150,000	150,000
Additions	50,000	50,000
At 30 April 2021	200,000	200,000

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 20)	200,000	150,000

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	200,000	150,000

22. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £ 258,939 (2020: £ 95,374).

23. Government grants

	2021	2020
	£	£
At start of year	527,768	534,488
Grants received or receivable	242,754	(-)
Released to the profit or loss	(19,720)	(6,720)
At end of year	750,802	527,768

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due after more than one year	750,802	527,768
Recognised in other operating income:		
Government grants recognised directly in income	666,485	265,608
Government grants released to profit or loss	19,720	6,720
	686,205	272,328

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,702,786	1,884,841
Cash at bank and in hand	1,827,351	2,178,973
	4,530,137	4,063,814
Financial liabilities measured at amortised cost		
Bank and other loans	(4,854,320)	(2,089,866)
Trade creditors	(1,386,385)	(1,522,990)
Obligations under finance leases	(1,048,806)	(953,807)
	(7,289,511)	(4,566,663)

The bank loans are capital and interest repayment loans, due to be repaid between January 2022 and October 2031. Repayments are made monthly or quarterly in arrears with interest being charged between Base plus 3% and 3.79%.

25. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No	£	No	£
Ordinary shares of £ 1.00 each	124,500	124,500	124,500	124,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

26. Reserves

The company's reserves consist of the following: -Profit and loss account: This reserve records retained earnings and accumulated losses.

27. Analysis of changes in net debt

	At 1 May 2020	Cash flows	At 30 April 2021
	£	£	£
Cash and cash equivalents	2,178,973	(351,622)	1,827,351
Bank overdrafts	(29,816)	(1,356,387)	(1,386,203)
Debt due within one year	(903,399)	(949,493)	(1,852,892)
Debt due after one year	(2,485,529)	(1,186,374)	(3,671,903)
	<u> </u>	<u> </u>	<u> </u>
	(1,239,771)	(3,843,876)	(5,083,647)
	<u> </u>	<u> </u>	<u> </u>

28. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	120,000	120,000
Later than 1 year and not later than 5 years	120,000	240,000
	<u>240,000</u>	<u>360,000</u>

29. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

2021

	Balance brought forward	Advances / (credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr John O'Hagan	150,548	-	(150,548)	-
Mr Ciaran O'Hagan	77,651	-	(77,651)	-
Mr Sean O'Hagan	127,728	-	(127,728)	-
Mr Dermot O'Hagan	39,101	-	(39,101)	-
	<u>395,028</u>	<u>-</u>	<u>(395,028)</u>	<u>-</u>

2020

	Balance brought forward	Advances / (credits) to the directors	Amounts repaid	Balance o/standing
	£	£	£	£
Mr John O'Hagan	13,649	150,548	(13,649)	150,548
Mr Ciaran O'Hagan	(6,408)	84,059	-	77,651
Mr Sean O'Hagan	18,387	109,341	-	127,728
Mr Dermot O'Hagan	7,950	39,101	(7,950)	39,101
	<u>33,578</u>	<u>383,049</u>	<u>(21,599)</u>	<u>395,028</u>

30. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the group. The company has provided a cross guarantee over the bank facilities of Specialist Joinery Overseas Limited. Two of the directors of the company have personally guaranteed £150,000 (2020 £150,000) of the company's bank facilities.

31. Key management personnel

Key management personnel are the Directors as they have the authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £ 420,854 (2020: £645,951).

32. Controlling party

The company is under the control of Specialist Group Holdings Limited . Specialist Joinery Fittings Limited is wholly owned by Specialist Group Holdings Limited whose registered office is 100 Coleraine Road, Maghera, BT46 5BP and that prepares group accounts incorporating the results of the company and fellow subsidiary undertakings. The directors consider that the ultimate parent company is Terjon Limited , a company incorporated in Northern Ireland.

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