

Company registration number 02919999 (England and Wales)

**DEARNESIDE FABRICATIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



# DEARNESIDE FABRICATIONS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr P J Grant Mr J J Young Mr R Brown Mr D Herbert
<b>Secretary</b>	Mr J J Young
<b>Company number</b>	02919999
<b>Registered office</b>	Trafalgar Works Wallace Road Sheffield S3 9SR
<b>Auditor</b>	Wells Richardson Cannon House Rutland Road Sheffield South Yorkshire S3 8DP
<b>Bankers</b>	Barclays Bank PLC 10-12 Pinstone Street Sheffield S1 2HN

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# DEARNESIDE FABRICATIONS LIMITED

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# DEARNESIDE FABRICATIONS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the strategic report for the year ended 31 March 2023.

#### **Fair review of the business**

The director's present their strategic report for the Company for the year ended 31 March 2023.

#### **Business Review**

The Company specialises in architectural metalwork and general steel fabrication trading across both the Residential and Commercial Sectors. The year to March 2023 was a particularly challenging one due to the substantial increase in raw material cost during the Spring and Summer of 2022 a result of which saw its Gross Profit Margin reduce from 26.7% to 25.3%, Margins in the Financial Year to March 2021 were in the region of 31%.

Turnover for the Year to March 2023 reduced from £18.2m to £16.9m representing a reduction of 7%. This reduction was known to the Directors during the early part of the year under review as the majority of new orders won were long term projects and so the Directors were happy with the level of turnover achieved.

Despite the reduction in Turnover and Gross Profits shown in these results, when considering the wider market the Directors are pleased with the financial results achieved in a very difficult period. The Financial Statements show an operating profit in excess of £1.5m.

The directors are forecasting an increase in both Turnover and Gross Profits for the current Year to March 2024, this is a result of completion of previously won projects and the numerous new project awards throughout the period under review and after the balance sheet date. At the start of September 2023 the secured forward order book stood at £25m, Turnover was in the region of £8.5m for the five month period in the current financial year.

The Company remains pleased with the level of secured orders to date since the balance sheet date and is actively pursuing over £50m of priced work. This places the Company in a strong position and remains positive despite the current economic outlook. The Company continues to develop it collaborative working with its existing clients whilst also actively seeking new clients to continue to build upon its commercial relationships ensuring the continued success of the business.

The directors continues to measure results in line with strategic growth plans and remain pleased at the strength of the Organisation and standing in the Marketplace.

# DEARNESIDE FABRICATIONS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Principal risks and uncertainties**

The Company operates in the Construction Sector and the Directors and Senior Management are very much aware of the cyclical nature of the Sector and as such continually monitor the marketplace and key risks.

Management continually assess Internal controls to manage and mitigate key risks, identified as:

- **Quality** – the Company has many accreditations including CE Marking under the Construction Products Regulations 2011.
- **Competitive Pricing** – The Company continues to be very well positioned in the marketplace being successful on numerous prestigious developments across many sectors and having a secured order book in the region of £25m provides a safety net should there be a downturn in the market.
- **Safety** – The Company adheres to all latest Health and Safety legislation and proactively promotes safe working practices throughout its operations. The Company is pleased to report it had no reportable incidents in the period under review nor up to the date of signing of these financial statements.
- **Liquidity** – Robust controls are in place and are constantly monitored to ensure the Company has sufficient resources to meet both its short and long term liabilities. The company maintains substantial cash resources to be able to deal with any unforeseen issues that may arise. In addition, the Company also has access to immediately available funds in its Parent Company should the need arise.

The Directors and Senior Management also assess external risks to ensure the Company is able to respond to changes in the Marketplace.

### **Credit Risk**

All clients undergo a credit review prior to new contracts being placed, the Company manages its risk via appropriate levels of credit insurances by accredited Credit Underwriters and constant monitoring of its debtor book and work in progress levels.

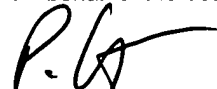
### **Liquidity Risk**

The Directors closely monitor its liquid resources to ensure it can meet its ongoing obligations as and when they fall due and has sufficient available resources to withstand any short or medium term reduction in Cashflow should this arise. Additionally, as noted above the Company also has access to funding from its Parent Company.

### **Key performance indicators**

The director's closely monitor turnover, gross profit and forward order book levels, seen as financial key performance indicators.

On behalf of the board



Mr P J Grant  
Director

21 September 2023

# DEARNESIDE FABRICATIONS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the company continued to be that of metal fabricators.

#### **Results and dividends**

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

Ordinary dividends were paid amounting to £740,000. The directors do not recommend payment of a final 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 P J Grant  
Mr J J Young  
Mr R Brown  
Mr D Herbert

#### **Financial instruments**

##### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Interest rate risk***

The company is exposed to fair value interest rate risk on its variable borrowings and loans. The directors consider the risks to be minimal given the current level of deposits held.

##### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Auditor**

The auditor, Wells Richardson, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# DEARNESIDE FABRICATIONS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Statement of directors' responsibilities**

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

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

### **Statement of disclosure to auditor**

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

On behalf of the board



Mr P J Grant  
**Director**

21 September 2023

# DEARNESIDE FABRICATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DEARNESIDE FABRICATIONS LIMITED

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#### Opinion

We have audited the financial statements of Dearnside Fabrications Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 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.



# DEARNESIDE FABRICATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DEARNESIDE FABRICATIONS LIMITED

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#### **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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the 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.

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

- Considering the nature of the industry and sector and the business performance.
- Enquiry of management, and those charged with governance.
- Reviewing minutes of meetings of those charged with governance.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

#### **Use of our report**

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

# **DEARNESIDE FABRICATIONS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DEARNESIDE FABRICATIONS LIMITED**

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**Grant Wade**  
**Senior Statutory Auditor**  
**For and on behalf of Wells Richardson**

**21 September 2023**

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

**Cannon House**  
**Rutland Road**  
**Sheffield**  
**South Yorkshire**  
**S3 8DP**

# DEARNESIDE FABRICATIONS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	16,966,712	18,269,455
Cost of sales		(12,676,239)	(13,377,825)
<b>Gross profit</b>		<b>4,290,473</b>	<b>4,891,630</b>
Administrative expenses		(2,880,531)	(2,967,423)
Other operating income		44,918	12,360
<b>Operating profit</b>	<b>4</b>	<b>1,454,860</b>	<b>1,936,567</b>
Interest receivable and similar income	7	26,569	1,290
Interest payable and similar expenses	8	(8,369)	(2,118)
<b>Profit before taxation</b>		<b>1,473,060</b>	<b>1,935,739</b>
Tax on profit	9	(291,957)	(361,641)
<b>Profit for the financial year</b>		<b>1,181,103</b>	<b>1,574,098</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# DEARNESIDE FABRICATIONS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2023*

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	2023 £	2022 £
Profit for the year	1,181,103	1,574,098
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,181,103</u>	<u>1,574,098</u>

# DEARNESIDE FABRICATIONS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,168,014		1,182,176
<b>Current assets</b>					
Stocks	12	633,301		764,754	
Debtors	13	5,635,170		4,446,304	
Cash at bank and in hand		1,963,178		2,530,567	
		8,231,649		7,741,625	
<b>Creditors: amounts falling due within one year</b>	14	(4,147,494)		(4,171,272)	
<b>Net current assets</b>			4,084,155		3,570,353
<b>Total assets less current liabilities</b>			5,252,169		4,752,529
<b>Creditors: amounts falling due after more than one year</b>	15		(97,622)		(116,545)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	260,476		183,016	
			(260,476)		(183,016)
<b>Net assets</b>			4,894,071		4,452,968
<b>Capital and reserves</b>					
Called up share capital	19		400		400
Capital redemption reserve			400		400
Profit and loss reserves			4,893,271		4,452,168
<b>Total equity</b>			4,894,071		4,452,968

The financial statements were approved by the board of directors and authorised for issue on 21 September 2023 and are signed on its behalf by:



Mr P J Grant  
Director

Company Registration No. 02919999

# DEARNESIDE FABRICATIONS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2021</b>		400	400	4,238,070	4,238,870
<b>Year ended 31 March 2022:</b>					
Profit and total comprehensive income for the year		-	-	1,574,098	1,574,098
Dividends	10	-	-	(1,360,000)	(1,360,000)
<b>Balance at 31 March 2022</b>		400	400	4,452,168	4,452,968
<b>Year ended 31 March 2023:</b>					
Profit and total comprehensive income for the year		-	-	1,181,103	1,181,103
Dividends	10	-	-	(740,000)	(740,000)
<b>Balance at 31 March 2023</b>		400	400	4,893,271	4,894,071

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Company information

Dearneside Fabrications Limited is a private company limited by shares incorporated in England and Wales. The registered office is Private & Confidential, Trafalgar Works, Wallace Road, Sheffield, S3 9SR.

#### 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, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Dearneside (Holdings) Limited. These consolidated financial statements are available from its registered office, Trafalgar Works, Wallace Road, Sheffield, S3 9SR.

#### 1.2 Going concern

The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows and the economic conditions during the period of these accounts have created some uncertainty in the market, but the directors have reviewed the company's forecasts and projections and have considered the effect of possible changes in trading performance, and level of cash balances which totalled £1.96m. On the basis of these projections the directors consider that the Company has sufficient financial resources.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue operations in the future, at least up to and beyond the current projections. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

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

#### 1.4 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:

Alterations to property Leasehold	12 1/2% per annum straight line
Plant and machinery	10% per annum straight line
Fixtures, fittings & equipment	20% per annum straight line, 25% per annum straight line on computer equipment and 5% per annum on solar panels)
Motor vehicles	25% per annum reducing balance on cars and 20% per annum reducing balance on HGV's

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

#### 1.5 Impairment of fixed assets

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

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.



# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 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.

#### 1.7 Cash at bank and in hand

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.

#### 1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with 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.

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 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 company 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 company 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.

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

### 1.9 Equity instruments

Equity instruments issued by the company 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 company.

### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.11 Taxation

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

#### ***Current tax***

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

#### ***Deferred tax***

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

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 when the company has 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.

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.12 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.

##### 1.13 Retirement benefits

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

##### 1.14 Leases

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

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

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

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, including work in progress and deferred income, 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

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Turnover	16,966,712	18,269,455
	<u>16,966,712</u>	<u>18,269,455</u>
	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
UK	16,966,712	18,269,455
	<u>16,966,712</u>	<u>18,269,455</u>

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 3 Turnover and other revenue

(Continued)

	2023 £	2022 £
Other revenue		
Interest income	26,569	1,290

### 4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,000	16,300
Depreciation of owned tangible fixed assets	325,950	322,835
Depreciation of tangible fixed assets held under finance leases	23,000	4,917
Profit on disposal of tangible fixed assets	(56,709)	-
Operating lease charges	196,500	181,042

### 5 Employees

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

	2023 Number	2022 Number
Directors	4	4
Administration	28	27
Manufacture/production	61	61
Total	93	92

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	4,148,429	4,419,423
Social security costs	397,935	416,135
Pension costs	97,829	91,628
	4,644,193	4,927,186

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	468,689	495,405
Company pension contributions to defined contribution schemes	25,212	14,257
	<u>493,901</u>	<u>509,662</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	147,100	168,989
Company pension contributions to defined contribution schemes	19,531	31,380
	<u>166,631</u>	<u>200,369</u>

#### 7 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on bank deposits	26,569	1,290
	<u>26,569</u>	<u>1,290</u>

#### 8 Interest payable and similar expenses

	2023 £	2022 £
Interest on finance leases and hire purchase contracts	8,369	2,118
	<u>8,369</u>	<u>2,118</u>

#### 9 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	286,248	373,611
Adjustments in respect of prior periods	(71,751)	-
Total current tax	<u>214,497</u>	<u>373,611</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	77,460	(11,970)
	<u>77,460</u>	<u>(11,970)</u>
Total tax charge	<u>291,957</u>	<u>361,641</u>

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 9 Taxation

(Continued)

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:

	2023 £	2022 £
Profit before taxation	1,473,060	1,935,739
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	279,881	367,790
Tax effect of expenses that are not deductible in determining taxable profit	1,580	928
Permanent capital allowances in excess of depreciation	(28,981)	4,893
Other non-reversing timing differences	39,477	(11,970)
Taxation charge for the year	291,957	361,641

#### 10 Dividends

	2023 £	2022 £
Interim paid	740,000	1,360,000

#### 11 Tangible fixed assets

	Alterations to property Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2022	50,520	1,299,992	399,624	934,330	2,684,466
Additions	16,436	38,799	60,397	385,871	501,503
Disposals	-	-	(842)	(412,678)	(413,520)
At 31 March 2023	66,956	1,338,791	459,179	907,523	2,772,449
<b>Depreciation and impairment</b>					
At 1 April 2022	33,890	784,537	274,101	409,762	1,502,290
Depreciation charged in the year	21,883	147,614	48,694	130,759	348,950
Eliminated in respect of disposals	-	-	(842)	(245,963)	(246,805)
At 31 March 2023	55,773	932,151	321,953	294,558	1,604,435
<b>Carrying amount</b>					
At 31 March 2023	11,183	406,640	137,226	612,965	1,168,014
At 31 March 2022	16,630	515,455	125,523	524,568	1,182,176

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £23,000 (2022 - £4,917) for the year.

	2023 £	2022 £
Motor vehicles	146,845	169,845

### 12 Stocks

	2023 £	2022 £
Raw materials and consumables	3,500	3,500
Work in progress	629,801	761,254
	633,301	764,754

### 13 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,643,894	3,242,373
Amounts owed by group undertakings	-	200,000
Other debtors	142,099	102,135
Prepayments and accrued income	257,428	219,818
	5,043,421	3,764,326

	2023 £	2022 £
<b>Amounts falling due after more than one year:</b>		
Trade debtors	591,749	681,978
	5,635,170	4,446,304



# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	16	18,876	18,876
Trade creditors		3,184,932	2,484,753
Corporation tax		136,361	181,362
Other taxation and social security		171,281	147,581
Other creditors		120,234	88,376
Accruals and deferred income		515,810	1,250,324
		<u>4,147,494</u>	<u>4,171,272</u>

Included in creditors are amounts owed on finance agreements of £18,876 (2022 - £18,876) and are secured against the assets to which they relate.

#### 15 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	16	<u>97,622</u>	<u>116,545</u>

Included in creditors are amounts owed on finance agreements of £97,622 (2022 - £116,545) and are secured against the assets to which they relate.

#### 16 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	18,876	18,876
In two to five years	97,622	116,545
	<u>116,498</u>	<u>135,421</u>

#### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
ACAs	<u>260,476</u>	<u>183,016</u>

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 17 Deferred taxation (Continued)

<b>Movements in the year:</b>	<b>2023</b> <b>£</b>
Liability at 1 April 2022	183,016
Charge to profit or loss	77,460
Liability at 31 March 2023	<u>260,476</u>

### 18 Retirement benefit schemes

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>97,829</u>	<u>91,628</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	<b>2023</b> <b>Number</b>	<b>2022</b> <b>Number</b>	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>

The company has one class of ordinary shares which carry no right to fixed income.

### 20 Contingent liabilities

The Company has provided a cross guarantee and debenture to Barclays Bank PLC on behalf of Dearneside (Holdings) Limited in respect of borrowings from Barclays Bank PLC.

At 31st March 2023 the total borrowings in Dearneside (Holdings) Limited were £3,302,750 (2022 : £3,840,785).

### 21 Operating lease commitments

#### Lessee

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

	<b>2023</b> <b>£</b>	<b>2022</b> <b>£</b>
Within one year	85,500	141,499
Between two and five years	<u>142,500</u>	<u>227,999</u>
	<u>228,000</u>	<u>369,498</u>

# DEARNESIDE FABRICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **22 Events after the reporting date**

After the year end the company renewed it's current and existing lease for the premises at Wallace Road with the pension company of one of the directors..

### **23 Related party transactions**

The company paid rent of £56,000 (2022 : £56,000) to a SIPP of a director of the company.

The company has taken advantage of the exemption under FRS102 section 33.1A from disclosing transactions with group companies which are eliminated on consolidation, where the consolidated financial statements are prepared.

### **24 Ultimate controlling party**

The company's parent undertaking is Dearneside (Holdings) Ltd, incorporated in England, registered address Trafalgar Works, Wallace Road, Parkwood Springs, Sheffield, South Yorkshire, a company under the control of Mr P Grant, a director of Dearneside Fabrications Ltd.

The results of the company are included in the consolidated financial statements of Dearneside (Holdings) Ltd and are available to the public.

The company is under the control of Dearneside (Holdings) Ltd, a company under the control of Mr P Grant, a director of Dearneside Fabricatons Ltd.