

Company Registration No. 12407951 (England and Wales)

DEARNESIDE (HOLDINGS) LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



DEARNESIDE (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr P J Grant Mr J J Young
Company number	12407951
Registered office	Trafalgar Works Wallace Road Sheffield S3 9SR
Auditor	Wells Richardson Cannon House Rutland Road Sheffield South Yorkshire S3 8DP
Bankers	Barclays Bank PLC 2nd Floor 1 St Pauls Place 121 Norfolk Street Sheffield S1 2JW

DEARNESIDE (HOLDINGS) LIMITED

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DEARNESIDE (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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 Dearnside (Holdings) Limited Group for the year ended 31 March 2023.

Business Review

The Group specialises in architectural metalwork being one of the Market leaders in the Residential and Commercial Sectors. The group also invest in Commercial Properties let on long FRI leases to tenants from a variety of sectors.

The Group has reported Turnover of £16.95m for the year ended 31 March 2023, compared to turnover for previous year of £18.27m and together with its Commercial Property Portfolio has net assets of £12.13m at the balance sheet date, up from £11.12m at 31 March 2022.

Dearnside Fabrications Limited's forward order book remained very strong at the balance sheet date at around £25m ensuring the continued success of the business and stability for its workforce and supply chain.

The Group continues to measure its results in line with strategic growth plans and remains pleased at the continual growth and strength of the organisation.

Principal risks and uncertainties

The Group 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 Group has many accreditations including CE Marking under the Construction Products Regulations 2011.
- Competitive Pricing - The Group continues to be very well positioned in the marketplace being successful on numerous prestigious developments across many sectors.
- Safety - The Group adheres to all latest Health and Safety legislation and proactively promotes safe working practices throughout it's operations and saw no reportable incidents in the period under review.
- Liquidity - Robust controls are in place and are constantly monitored to ensure the Group has sufficient resources to meet both it's short and long term liabilities.

The director's and senior management also assess external risks to ensure the Group is able to adapt to changes in the marketplace.

The market continues to be challenging due to the ongoing high levels of inflation, events in the Ukraine together with the impact rising interest rates is having on the cost of supplies. However, the company continues to react to new challenges in respect of operations in its manufacturing facilities and site installation methodologies, and together with its robustness to withstand any short and medium term drop in its finances. The Group was able to quickly assess and make any necessary adaptations across all areas to ensure the well-being of its employees and all others associated with the Group to include its supply chain and clients. In relation to its finances, as already stated the Group has very robust controls and significant liquid resources at its disposal to withstand any short or medium term reduction in cashflow, however at the date of this report no such drop has been seen.

DEARNESIDE (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Credit Risk

All clients undergo a credit review prior to new contracts being placed, the Group manages its risk via appropriate levels of credit insurances by accredited credit underwriters and constant monitoring of its debtor book.

Liquidity Risk

The directors closely monitor its liquid resources to ensure it can meet its ongoing obligations as and when they fall due

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 (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

The principal activity of the Group is that of architectural metalwork and general steel fabrication. The principal activities of the company is that of a holding company and Commercial Property Rental.

Results and dividends

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

Ordinary dividends were paid amounting to £975,000. The directors do not recommend payment of a further dividend.

Directors

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

Mr P J Grant
Mr J J Young

Statement of directors' responsibilities

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

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

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

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of The review of the business, Key performance indicators, Principal risks and uncertainties.

Statement of disclosure to auditor

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

DEARNESIDE (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board



Mr P J Grant
Director

21 September 2023

DEARNESIDE (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEARNESIDE (HOLDINGS) LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

DEARNESIDE (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DEARNESIDE (HOLDINGS) LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DEARNESIDE (HOLDINGS) LIMITED

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

Chartered Accountants
Statutory Auditor

21 September 2023

Cannon House
Rutland Road
Sheffield
South Yorkshire
S3 8DP

DEARNESIDE (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	16,965,278	18,269,455
Cost of sales		(12,664,661)	(13,377,825)
Gross profit		4,300,617	4,891,630
Administrative expenses		(2,854,692)	(2,967,086)
Other operating income		739,046	422,946
Exceptional item	4	(960,000)	-
Operating profit	5	1,224,971	2,347,490
Interest receivable and similar income	9	59,763	23,194
Interest payable and similar expenses	10	(174,815)	(82,644)
Profit before taxation		1,109,919	2,288,040
Tax on profit	11	(411,172)	(436,257)
Profit for the financial year	26	698,747	1,851,783

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

DEARNESIDE (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Profit for the year	698,747	1,851,783
Other comprehensive income		
Revaluation of tangible fixed assets	1,821,185	-
Tax relating to other comprehensive income	(535,296)	-
Other comprehensive income for the year	1,285,889	-
Total comprehensive income for the year	1,984,636	1,851,783

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

DEARNESIDE (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13	3,018,014		2,460,426	
Investment properties	14	8,391,250		7,141,815	
		<u>11,409,264</u>		<u>9,602,241</u>	
Current assets					
Stocks	17	633,301		764,754	
Debtors	18	6,572,372		6,511,428	
Cash at bank and in hand		2,440,616		2,777,863	
		<u>9,646,289</u>		<u>10,054,045</u>	
Creditors: amounts falling due within one year	19	(5,164,918)		(4,832,584)	
Net current assets		<u>4,481,371</u>		<u>5,221,461</u>	
Total assets less current liabilities		<u>15,890,635</u>		<u>14,823,702</u>	
Creditors: amounts falling due after more than one year	20	(2,966,532)		(3,521,991)	
Provisions for liabilities					
Deferred tax liability	23	795,772		183,016	
		<u>(795,772)</u>		<u>(183,016)</u>	
Net assets		<u>12,128,331</u>		<u>11,118,695</u>	
Capital and reserves					
Called up share capital	25	400		400	
Revaluation reserve	26	1,285,889		-	
Merger reserve	26	8,260,916		8,260,916	
Profit and loss reserves	26	2,581,126		2,857,379	
Total equity		<u>12,128,331</u>		<u>11,118,695</u>	

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

DEARNESIDE (HOLDINGS) LIMITED

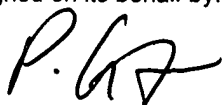
COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13	1,850,000		1,278,250	
Investment properties	14	8,391,250		7,141,815	
Investments	15	8,260,916		8,260,916	
			18,502,166		16,680,981
Current assets					
Debtors	18	937,683		2,270,029	
Cash at bank and in hand		477,438		247,296	
			1,415,121		2,517,325
Creditors: amounts falling due within one year	19	(1,017,905)		(866,217)	
Net current assets			397,216		1,651,108
Total assets less current liabilities			18,899,382		18,332,089
Creditors: amounts falling due after more than one year	20		(2,868,910)		(3,405,446)
Provisions for liabilities					
Deferred tax liability	23	535,296		-	
			(535,296)		-
Net assets			15,495,176		14,926,643
Capital and reserves					
Called up share capital	25		400		400
Revaluation reserve	26		1,285,889		-
Merger reserves	26		8,260,516		8,260,516
Profit and loss reserves	26		5,948,371		6,665,727
Total equity			15,495,176		14,926,643

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £257,644 (2022 - £1,637,685 profit).

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. 12407951

DEARNESIDE (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Revaluation reserve £	Merger reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2021		400	-	8,260,916	1,405,596	9,666,912
Year ended 31 March 2022:						
Profit and total comprehensive income		-	-	-	1,851,783	1,851,783
Dividends	12	-	-	-	(400,000)	(400,000)
Balance at 31 March 2022		400	-	8,260,916	2,857,379	11,118,695
Year ended 31 March 2023:						
Profit for the year		-	-	-	698,747	698,747
Other comprehensive income:						
Revaluation of tangible fixed assets		-	1,821,185	-	-	1,821,185
Tax relating to other comprehensive income		-	(535,296)	-	-	(535,296)
Total comprehensive income		-	1,285,889	-	698,747	1,984,636
Dividends	12	-	-	-	(975,000)	(975,000)
Balance at 31 March 2023		400	1,285,889	8,260,916	2,581,126	12,128,331

DEARNESIDE (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Revaluation reserve £	Merger reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2021		400	-	8,260,516	5,428,042	13,688,958
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	1,637,685	1,637,685
Dividends	12	-	-	-	(400,000)	(400,000)
Balance at 31 March 2022		400	-	8,260,516	6,665,727	14,926,643
Year ended 31 March 2023:						
Profit for the year		-	-	-	257,644	257,644
Other comprehensive income:						
Revaluation of tangible fixed assets		-	1,821,185	-	-	1,821,185
Tax relating to other comprehensive income		-	(535,296)	-	-	(535,296)
Total comprehensive income for the year		-	1,285,889	-	257,644	1,543,533
Dividends	12	-	-	-	(975,000)	(975,000)
Balance at 31 March 2023		400	1,285,889	8,260,516	5,948,371	15,495,176

DEARNESIDE (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	32	1,922,250		2,009,460	
Interest paid		(174,815)		(82,644)	
Income taxes paid		(334,407)		(509,616)	
Net cash inflow from operating activities		1,413,028		1,417,200	
Investing activities					
Purchase of tangible fixed assets		(501,503)		(675,065)	
Proceeds from disposal of tangible fixed assets		223,424		2,130	
Purchase of investment property		-		(2,063,250)	
Interest received		59,763		23,194	
Net cash used in investing activities		(218,316)		(2,712,991)	
Financing activities					
Proceeds from new bank loans		-		1,000,000	
Repayment of bank loans		(538,036)		(352,531)	
Payment of finance leases obligations		(18,923)		135,421	
Dividends paid to equity shareholders		(975,000)		(400,000)	
Net cash (used in)/generated from financing activities		(1,531,959)		382,890	
Net decrease in cash and cash equivalents		(337,247)		(912,901)	
Cash and cash equivalents at beginning of year		2,777,863		3,690,764	
Cash and cash equivalents at end of year		2,440,616		2,777,863	

DEARNESIDE (HOLDINGS) LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	33	1,211,339		706,354	
Interest paid		(166,446)		(80,526)	
Income taxes paid		(74,909)		(14,616)	
Net cash inflow from operating activities		<u>969,984</u>		<u>611,212</u>	
Investing activities					
Purchase of tangible fixed assets		-	(383,250)		
Purchase of investment property		-	(2,063,250)		
Interest received	33,194		21,904		
Dividends received	740,000		1,360,000		
Net cash generated from/(used in) investing activities			<u>773,194</u>		<u>(1,064,596)</u>
Financing activities					
Proceeds from new bank loans		-	1,000,000		
Repayment of bank loans		(538,036)	(352,531)		
Dividends paid to equity shareholders		(975,000)	(400,000)		
Net cash (used in)/generated from financing activities			<u>(1,513,036)</u>		<u>247,469</u>
Net increase/(decrease) in cash and cash equivalents			<u>230,142</u>		<u>(205,915)</u>
Cash and cash equivalents at beginning of year			<u>247,296</u>		<u>453,211</u>
Cash and cash equivalents at end of year			<u><u>477,438</u></u>		<u><u>247,296</u></u>

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Dearnese (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is, Trafalgar Works, Wallace Road, Sheffield, S3 9SR.

The group consists of Dearnese (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

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

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

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Dearnese (Holdings) Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Going concern

The nature of the Group's underlying 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 Group's forecasts and projections and have considered the effect of possible changes in trading performance, and level of cash balances which totalled £2.44m. On the basis of these projections the directors consider that the Group has sufficient financial resources.

After making enquiries, the directors have a reasonable expectation that the Group 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.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. 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.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	1% per annum straight line on buildings
Leasehold land and buildings	12 1/2% per annum straight line
Plant and equipment	10% per annum straight line
Fixtures and fittings	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 recognised in the profit and loss account.

1.7 Investment property

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Fixed asset investments

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

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 (HOLDINGS) LIMITED

NOTES TO THE GROUP 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.

1.10 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.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

1.15 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.

1.16 Retirement benefits

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.17 Leases

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

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

The key estimates included in the financial statements for the year ending 31 March 2023 are in respect of the carrying value of land and buildings, investment properties, investments in subsidiary undertakings, work in progress provisions and deferred income. However, the directors believe that no adjustments to the respective carrying values of these balances are required at 31 March 2023.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Turnover	16,965,278	18,269,455

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue (Continued)

	2023 £	2022 £
Other significant revenue		
Rental Income	694,063	410,586
Miscellaneous income	44,983	12,360
	<u>739,046</u>	<u>422,946</u>

4 Exceptional item

	2023 £	2022 £
Expenditure		
Grant Homes Northern Limited - Connected company loan provision	960,000	-
	<u>960,000</u>	<u>-</u>

During the year end 31 March 2023, the company made a provision of £960,000 (2022 £Nil) against a connected company loan debtor due from Grant Homes Northern Limited.

5 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	325,950	322,834
Depreciation of tangible fixed assets held under finance leases	23,000	4,917
Profit on disposal of tangible fixed assets	(56,709)	-
Cost of stocks recognised as an expense	8,809,764	9,350,771
Operating lease charges	59,000	78,209
	<u>8,809,764</u>	<u>9,350,771</u>

6 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,000	5,000
Audit of the financial statements of the company's subsidiaries	16,800	15,000
	<u>20,800</u>	<u>20,000</u>

DEARNESIDE (HOLDINGS) LIMITED

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

7 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors	4	4	2	2
Administration	28	27	-	-
Manufacture / production	61	61	-	-
Total	93	92	2	2

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	4,171,390	4,440,423	22,961	21,000
Social security costs	397,935	416,135	-	-
Pension costs	97,829	91,628	-	-
	4,667,154	4,948,186	22,961	21,000

8 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	491,650	516,405
Company pension contributions to defined contribution schemes	25,212	14,257
	516,862	530,662

Remuneration disclosed above includes 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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	26,569	1,290
Other interest income	33,194	21,904
Total income	<u>59,763</u>	<u>23,194</u>
Investment income includes the following:	2023 £	2022 £
Interest on financial assets not measured at fair value through profit or loss	<u>26,569</u>	<u>1,290</u>

10 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	166,446	80,526
Other finance costs:		
Interest on finance leases and hire purchase contracts	<u>8,369</u>	<u>2,118</u>
Total finance costs	<u>174,815</u>	<u>82,644</u>

11 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	405,463	448,227
Adjustments in respect of prior periods	<u>(71,751)</u>	<u>-</u>
Total current tax	<u>333,712</u>	<u>448,227</u>
Deferred tax		
Origination and reversal of timing differences	<u>77,460</u>	<u>(11,970)</u>
Total tax charge	<u>411,172</u>	<u>436,257</u>

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 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	1,109,919	2,288,040
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	210,885	434,728
Tax effect of expenses that are not deductible in determining taxable profit	184,881	8,606
Adjustments in respect of prior years	4,910	-
Permanent capital allowances in excess of depreciation	(28,981)	4,893
Other non-reversing timing differences	39,477	(11,970)
Taxation charge	411,172	436,257

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on: Revaluation of property	535,296	-

12 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Interim paid	975,000	400,000

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2022	1,278,250	50,520	1,299,992	399,624	934,330	3,962,716
Additions	-	16,436	38,799	60,397	385,871	501,503
Disposals	-	-	-	(842)	(412,678)	(413,520)
Revaluation	571,750	-	-	-	-	571,750
	<u>1,850,000</u>	<u>66,956</u>	<u>1,338,791</u>	<u>459,179</u>	<u>907,523</u>	<u>4,622,449</u>
Depreciation and impairment						
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)
	<u>-</u>	<u>55,773</u>	<u>932,151</u>	<u>321,953</u>	<u>294,558</u>	<u>1,604,435</u>
Carrying amount						
At 31 March 2023	<u>1,850,000</u>	<u>11,183</u>	<u>406,640</u>	<u>137,226</u>	<u>612,965</u>	<u>3,018,014</u>
At 31 March 2022	<u>1,278,250</u>	<u>16,630</u>	<u>515,455</u>	<u>125,523</u>	<u>524,568</u>	<u>2,460,426</u>

Company

	Freehold land and buildings £
Cost or valuation	
At 1 April 2022	1,278,250
Revaluation	571,750
	<u>1,850,000</u>
At 31 March 2023	<u>1,850,000</u>
Depreciation and impairment	
At 1 April 2022 and 31 March 2023	-
Carrying amount	
At 31 March 2023	<u>1,850,000</u>
At 31 March 2022	<u>1,278,250</u>

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £1,850,000 were revalued on 3 March 2023 by Messrs Lambert Smith Hampton, independent valuers not connected with the company. The valuations adopted in respect of assets which the company have full control is on the basis of aggregate market value with special assumption of vacant possession. The valuation conforms to UK Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors consider that the valuation remains a true reflection of the value of the property at 31 March 2023.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Land and Buildings	
	2023	2022
	£	£
Group		
Cost	1,278,250	1,278,250
	<u> </u>	<u> </u>
Company		
Cost	1,278,250	1,278,250
	<u> </u>	<u> </u>
Carrying value	1,278,250	1,278,250
	<u> </u>	<u> </u>

14 Investment property

	Group	Company
	2023	2023
	£	£
Fair value		
At 1 April 2022	7,141,815	7,141,815
Net gains or losses through fair value adjustments	1,249,435	1,249,435
	<u> </u>	<u> </u>
At 31 March 2023	8,391,250	8,391,250
	<u> </u>	<u> </u>

Investment properties with the exception of a recently acquired property, which is included on a historical cost of £2,063,250 were revalued on 3 March 2023 by Messrs Lambert Smith Hampton, independent valuers not connected with the company. The valuations adopted in respect of assets which the company have full control is on the basis of aggregate market value with special assumption of vacant possession. The valuations adopted in respect of assets let to 3rd parties is on the basis of aggregate market value. The valuation conforms to UK Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors consider that the carrying value of all investment properties remain a true reflection of their fair value at 31 March 2023.

With regards to the investment property which was not revalued the directors consider that in accordance with UK GAAP, the cost of obtaining a valuation was deemed to outweigh the benefit due to the property being acquired only 13 months prior to the 31 March 2023.

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	16	-	-	8,260,916	8,260,916

Fixed asset investments not carried at market value

The investment relates to shares in the company's wholly owned subsidiary undertaking, Dearnside Fabrications Limited which was acquired by a share for share exchange and is valued at net book value of net assets acquired. The directors have reviewed this valuation and believe it remains fair.

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
Additions	8,260,916
At 31 March 2023	8,260,916
Carrying amount	
At 31 March 2023	8,260,916
At 31 March 2022	8,260,916

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Dearnside Fabrications Limited	Trafalgar Works, Wallace Road, Sheffield, S3 9SR	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Dearnside Fabrications Limited	4,894,071	1,181,103

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	3,500	3,500	-	-
Work in progress	629,801	761,254	-	-
	<u>633,301</u>	<u>764,754</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	4,643,413	3,293,988	-	56,520
Other debtors	900,434	2,138,801	758,335	2,036,666
Prepayments and accrued income	270,111	229,996	12,683	10,178
	<u>5,813,958</u>	<u>5,662,785</u>	<u>771,018</u>	<u>2,103,364</u>

Amounts falling due after more than one year:

Trade debtors	591,749	681,978	-	-
Other debtors	-	166,665	-	166,665
	<u>591,749</u>	<u>848,643</u>	<u>-</u>	<u>166,665</u>

Total debtors	<u>6,405,707</u>	<u>6,511,428</u>	<u>771,018</u>	<u>2,270,029</u>
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19 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	21	433,840	435,340	433,840	435,340
Obligations under finance leases	22	18,876	18,876	-	-
Trade creditors		3,196,646	2,497,409	11,714	17,561
Amounts owed to group undertakings		-	-	-	200,000
Corporation tax payable		250,667	251,362	114,306	70,000
Other taxation and social security		237,380	163,272	66,099	15,691
Other creditors		122,387	92,518	2,634	4,142
Accruals and deferred income		905,122	1,373,807	389,312	123,483
		<u>5,164,918</u>	<u>4,832,584</u>	<u>1,017,905</u>	<u>866,217</u>

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Creditors: amounts falling due within one year

(Continued)

Bank loan liabilities are secured against the property to which they relate in addition to a fixed and floating charge over all assets of the group.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	21	2,868,910	3,405,446	2,868,910	3,405,446
Obligations under finance leases	22	97,622	116,545	-	-
		<u>2,966,532</u>	<u>3,521,991</u>	<u>2,868,910</u>	<u>3,405,446</u>

Bank loan liabilities are secured against the property to which they relate in addition to a fixed and floating charge over all assets of the group.

21 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	<u>3,302,750</u>	<u>3,840,786</u>	<u>3,302,750</u>	<u>3,840,786</u>
Payable within one year	433,840	435,340	433,840	435,340
Payable after one year	<u>2,868,910</u>	<u>3,405,446</u>	<u>2,868,910</u>	<u>3,405,446</u>

The bank loans are secured against the property to which they relate in addition to a fixed and floating charge over all assets of the Group.

22 Finance lease obligations

	Group 2023 £	2022 £	Company 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>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for two motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	260,476	183,016
Revaluations	535,296	-
	<u>795,772</u>	<u>183,016</u>
	Liabilities 2023 £	Liabilities 2022 £
Company		
Revaluations	535,296	-
	<u>535,296</u>	<u>-</u>
	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 April 2022	183,016	-
Charge to profit or loss	77,460	-
Charge to other comprehensive income	535,296	535,296
	<u>795,772</u>	<u>535,296</u>
Liability at 31 March 2023	<u>795,772</u>	<u>535,296</u>

24 Retirement benefit schemes

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

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

25 Share capital

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

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Reserves

Profit and loss reserves

The Group profit and loss reserves represents the cumulative profits and losses of the parent entity and the post acquisition cumulative profits and losses of its subsidiary undertakings.

The company profit and loss reserves represents the cumulative profits and losses.

Merger reserves

The company acquired 100% of the issued ordinary share capital of Dearnside Fabrications Limited by a share for share exchange in August 2020. The Group merger reserve represents the fair value of the net assets of Dearnside Fabrications Limited on acquisition.

Revaluation reserves

Revaluation reserves represent gains / losses in the carrying value of land and buildings and investment properties since they were acquired based on valuations obtained from independent professional valuers.

27 Contingent liabilities

The members of the Group, Dearnside (Holdings) Limited and Dearnside Fabrications Limited have provided a cross guarantee and debenture to Barclays Bank PLC in respect of borrowings from Barclays Bank PLC.

At 31st March 2023 the total borrowings owed by the Group to Barclays Bank PLC amounted £3,302,750 (2022 £3,840,785).

28 Operating lease commitments

Lessee

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	-	56,498	-	-
	-	56,498	-	-

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

28 Operating lease commitments

(Continued)

Lessor

The Group owns 6 investment properties for rental purposes. The leases are all for varying terms up to 10 years. Some of the operating lease contracts contain break and market review clauses in the event that the lessee exercises its option to renew. There are no options in place to purchase the property at the end of the respective leases.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	471,758	490,044	557,258	575,544
Between two and five years	1,303,815	1,798,967	1,446,315	2,026,967
In over five years	104,167	858,920	104,167	858,920
	<u>1,879,740</u>	<u>3,147,931</u>	<u>2,107,740</u>	<u>3,461,431</u>

29 Related party transactions

During the year ended 31 March 2023 the Group paid rent of £56,000 (2022 £56,000) to the SIPP of a director. The rent is calculated at market value.

Within other debtors at 31 March 2023 are amounts due to the company of £925,000 (2022 £2,203,331) owed by connected companies in which the directors are shareholders. The amounts are repayable upon demand. Interest is being charged on these amounts at what the directors consider to be a market rate, with interest received in the year ending 31 March 2023 of £33,194 (2022 £21,904). During the year the company made a provision of £960,000 against amounts owed by a connected company. Refer to note 4 for further details.

The company received rents of £125,000 (2022 £125,000) from a connected company in which the directors are shareholders.

30 Directors' transactions

Dividends totalling £975,000 (2022 - £400,000) were paid in the year in respect of shares held by the company's directors.

31 Controlling party

The company is under the control of P Grant, a director of the company.

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

32 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	698,747	1,851,783
Adjustments for:		
Taxation charged	411,172	436,257
Finance costs	174,815	82,644
Investment income	(59,763)	(23,194)
Gain on disposal of tangible fixed assets	(56,709)	-
Depreciation and impairment of tangible fixed assets	348,950	327,751
Movements in working capital:		
Decrease/(increase) in stocks	131,453	(454,634)
(Increase)/decrease in debtors	(60,944)	631,086
Increase/(decrease) in creditors	334,529	(842,234)
Cash generated from operations	<u>1,922,250</u>	<u>2,009,459</u>

33 Cash generated from operations - company

	2023 £	2022 £
Profit for the year after tax	257,644	1,637,685
Adjustments for:		
Taxation charged	119,215	74,616
Finance costs	166,446	80,526
Investment income	(773,194)	(1,381,904)
Movements in working capital:		
Decrease in debtors	1,332,346	17,709
Increase in creditors	108,882	277,722
Cash generated from operations	<u>1,211,339</u>	<u>706,354</u>

34 Analysis of changes in net debt - group

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	2,777,863	(337,247)	2,440,616
Borrowings excluding overdrafts	(3,840,786)	538,036	(3,302,750)
Obligations under finance leases	(135,421)	18,923	(116,498)
	<u>(1,198,344)</u>	<u>219,712</u>	<u>(978,632)</u>

DEARNESIDE (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

35 Analysis of changes in net debt - company

	1 April 2022	Cash flows	31 March 2023
	£	£	£
Cash at bank and in hand	247,296	230,142	477,438
Borrowings excluding overdrafts	(3,840,786)	538,036	(3,302,750)
	<u>(3,593,490)</u>	<u>768,178</u>	<u>(2,825,312)</u>