



**Financial Statements for the
Year ended 31 March 2021**

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Strategic Report

The directors present their strategic report on Vulcan Industries PLC (the “Group” or the “Company”) for the year ended 31 March 2021.

Principal activity

The Company was established to develop a precision engineering group of companies, manufacturing and fabricating products for a global client base. The acquisition strategy is based on establishing targets that represent opportunities for synergies, helping to streamline existing operations and contributing to centralised purchasing, supply chain and operational savings.

Review of business and future developments

On the 1 June 2020, the share capital of the Company was admitted to trading on the Aquis Stock Exchange Growth Market (“AQSE”). This enables the Company to raise additional equity to fund its growth and acquisition strategy. In conjunction with the Admission, the Company raised £746,500 gross, £508,000 after expenses relating to the admission. In the previous period from incorporation on 28 October 2018 to 31 March 2020, the Company made four acquisitions. In the year to 31 March 2021, the focus has been to restructure the existing businesses to recover from the financial impact of COVID-19 and lay the foundations to develop the Group going forward. On 21 October 2020 the Group acquired the business and assets of Romar Process Engineering Limited (“RPE”) (note 22). The acquisition extended the Group’s fabrication capabilities and enabled Time Rainham Limited to move its operation into the RPE facility, demonstrating the operating efficiencies that can be generated in line with the Group’s strategy.

COVID-19 has had a significant impact on the financial results for the year. Activity in the first quarter of the financial year was severely impacted by the initial Covid 19 lockdown. M&G Olympic Products Limited (“M&G”) operated, albeit at reduced levels, throughout the period with the remaining operations locked down from the end of March 2020 and resuming activity towards the end of June 2020. By the end of the second quarter, activity levels were ahead of internal forecasts made at the time of admission to AQSE. This progress continued into the third quarter with further improvement in the final quarter despite further lock down measures.

The financial results for the Group for the year ending 31 March 2021, show revenue of £5,225,000 (2020 17 months: £5,670,000) and loss before interest, tax depreciation and amortization £2,184,000 (2020: £2,011,000). After depreciation and amortization of £644,000 (2020: £561,000) and finance costs of £595,000 (2020: £622,000) the Group is reporting a loss after taxation of £3,423,000 (2020: £3,194,000). Of this £1,651,000 (2020: £1,459,000) relates to central costs, including professional fees of £486,000 (2020: £399,000) in respect of listing expenses and acquisition costs and £404,000 (2020: £431,000) of central finance costs. Cash balances at 31 March 2021 were £86,000 (2020: £54,000) and net debt was £4,355,000 (2020: £3,668,000).

At 31 March 2021, the Group balance sheet shows net liabilities of £2,559,000 (2020: £1,302,000). Since the year end to the date of this report, the Company has raised new equity of £1,091,000 before expenses.

Outlook

After taking the impact of COVID-19 into account, the Group’s overall performance in the year ending 31 March 2021 was an improvement over the previous 17 month period. Trading in the first half of the year has remained difficult, however order books across the Group, have picked up since the end of the last lock down. The Company is now focused on strengthening the balance sheet and raising new equity to enable the Group to take advantage of the improved demand outlook for the remainder of the current financial year.

Key performance indicators

The board monitors the Group’s performance in delivery of strategy by measuring progress against Key Performance Indicators (“KPIs”). These KPIs comprise a number of operational and financial metrics.

	Year ending 31 March 2021	Period ending 31 March 2020
Operating metrics		
Revenue £'000	5,225	5,670
Gross Margin %	16.3	18.4
Operating EBITDA £'000	(1,047)	(1,160)
Group EBITDA £'000	(2,184)	(2,011)

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Financial metrics		
EPS pence	(1.39)	(1.82)
Net Debt £'000	(4,355)	(3,668)
Net Assets / (liabilities) £'000	(2,559)	(1,302)
Liquidity - cash plus available headroom under facilities £'000	86	54

Further KPIs will be introduced as the Group evolves.

Going concern

The Group has prepared forecasts covering the period of 12 months from the date of approval of these financial statements. These forecasts are based on assumptions including, inter alia, that there are no further significant disruptions due to COVID-19 to the supply of input materials or the ability to maintain operating capability in order to meet its projected sales volumes and that key assumptions are achieved, such as forecast volumes, selling prices and budgeted cost reductions. They further take into account working capital requirements and currently available borrowing facilities.

These forecasts show that the Group is projected, in the short term, to continue to experience net cash outflows rather than inflows and is contingent on securing additional funding either through additional loan facilities or through raising cash through capital transactions to remain a going concern.

As set out in notes 17, the Group is currently funded by a combination of short and long-term borrowing facilities. Loans of £2,327,000 fall due for repayment between April and July 2022; The factoring facility, of which £321,000 (2020: £243,000) was fully drawn at 31 March 2021, may be withdrawn with 6 months' notice.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing financing will remain available to the Group and as demonstrated by equity raised since the period end that additional sources of finance will be available. The directors, with the operating initiatives already in place and funding options available, are confident that the Group will achieve its cash flow forecasts. Therefore, the directors have prepared the financial statements on a going concern basis.

The forecasts show that the Group requires further funding to meet its commitments as they fall due and in addition to this the Group is reliant on maintaining its existing borrowings. These conditions point to the existence of material uncertainties that may cast some doubt upon the Group's ability to continue as a going concern. and the Group may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. The Board continues to monitor these risks closely and prepare mitigation. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The auditors have made reference to going concern in their audit report by way of a material uncertainty.

Risk management

The Company is subject to various risks and the future outlook for the Group, and growth in shareholder value should be viewed with an understanding of these risks. According to the risk, the board may decide to tolerate it, seek to mitigate it through controls and operating procedures, or transfer it to third parties. The following table summarises the principal risks facing the Group and the actions taken to mitigate these:

Risk	Detail	How it is managed
Access to equity capital	The Group is reliant on existing lease finance and other short-term loan facilities.	The share capital of the Company has been admitted to the Aquis Exchange Growth Market. This has facilitated the ability to raise new equity capital. During the year, the term of loans due on demand or within one year have been renegotiated and now fall due between April and June 2022.
Access to working capital and liquidity risk	The Group is reliant on factoring facilities which are not committed for more than 6 months.	The Group has received CBIL facilities to convert short term debt into medium term loans. Additional term loan facilities and equity are being sought to refinance debt falling due within 1 to 2 years at the balance sheet date.
COVID-19	COVID-19 has had a significant negative impact	All operations have put in place

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Compliance	globally, both economically and socially. The national lockdown measures had a significant adverse impact on the Group's trading performance in the year ending 31 March 2021 and subsidiary balance sheets in the previous financial year.	measures to ensure our production facilities and offices are safe for our staff. Nonetheless all operating companies continue to meet the demand of their customers.
	There is a risk of a breach of the Group's business or ethical conduct standards and breach of anti-corruptions laws, resulting in investigations, fines and loss of reputation.	The board reinforces an ethical corporate culture having adopted the QCA 10 principles of Corporate Governance.
Foreign Exchange	The Group's operations are impacted by fluctuations in exchange rates, in particular the volatility of GBP against the USD and Euro.	The Group sells and purchases in USD and Euro. Where practical exposures are offset. Currently no hedging derivatives are entered into.

Notes 23 and 24 to the financial statements refer to the Group's objectives, policies and procedures for managing its capital, its financial risk management objectives, its financial instruments and exposures to credit, interest rate and liquidity risk.

The board is also responsible for establishing and monitoring the Group's systems of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment on a regular basis. In light of this control environment the board considers that there is no current requirement for a permanent separate internal audit function.

Directors' s172 statement

As set out in Section 172 of the Companies Act 2006, the directors are required to act in ways that we consider, in good faith, would be likely to promote the success of the Company in the long term for the benefit of its members as a whole, its stakeholders ranging from its employees; customers; suppliers; lenders, local communities and the environment having regard to:

- Likely consequences of long-term decisions
- Interests of employees
- Relationships with customers and suppliers
- Impact of operations on the community and environment
- Maintaining high standards of business conduct
- The overall need to act fairly between stakeholders

With these in mind, in the previous period, the Company initiated its long-term strategy by the acquisitions it made. On 1 June 2020, the Company's entire share capital was admitted to AQSE. The listing is facilitating the raising of additional equity capital that is required to develop the existing portfolio of businesses, strengthen the Group's balance sheet and provide finance for growth and future acquisitions.

At this stage in the Group's evolution, the Company does not intend to make distributions of dividends, rather to reinvest funds generated, into optimizing the capital structure of the group for the benefit of all stakeholders. This will improve access to additional capital to enable the Group to build a critical mass to ensure a sustainable future and provide long term returns for its shareholders.

The key to the success of this long-term strategy is to develop and embed a corporate culture of best practice and maintenance of high ethical standards to the benefit of all stakeholders and to engage with each as the Group evolves.

Corporate Governance

The Directors recognise the importance of sound corporate governance and, following admission to the Aquis Exchange Growth Market on 1 June 2020, have undertaken to take account of the requirements of the QCA Code to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The QCA Code recommend that the board of directors should include a balance of executive and non- executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Code recommends that the board should include at least two non-executive directors who are independent. Following the resignation of the Kieran Vaughn on 8 September 2021,

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the Company is looking to strengthen the board with the appointment of an additional independent non-executive director.

The company is headed by an effective Board which is collectively responsible for the long-term success of the Company. The Board currently comprises:

Ian Tordoff – Executive Chairman (AC Chair, ARCC)

Prior to founding Vulcan, Ian's experience in directing large operations included: leading an EY team in restructuring functions in Ford of Europe as part of a turnaround strategy, before moving to a loss-making European ISP helping to take it to break-even in 18 months. He has created and led specialist teams in the execution of \$6bn+ health-sector projects, delivering substantial service developments in the UK and the Middle East. Ian has held non-executive and advisory roles in the NHS, dermal testing and digital-health businesses.

John Hunter Maxwell – Non-executive (AC,RC)

John is a member of The Institute of Chartered Accountants of Scotland. He is on the Board of Directors at London Finance & Investment Group Plc. John was previously employed as an Independent Non-Executive Director by RSA Insurance Group Plc, Executive Director by Provident Financial Plc, Chairman by DX Services Plc, Non-Executive Director by HomeServe Plc, Non-Executive Director by Parity plc, Executive Director by Prudential Plc, CEO of BPB Industries Plc, CEO of Provincial Group Plc, Chairman at Prolific Plc, Director General at The Automobile Association Limited and a Governor at the Royal Ballet School

Neil Clayton – Group Finance Director (ARCC)

Neil is a member of The Institute of Chartered Accountants of England and Wales. He is on the board of Agriterra Limited (AIM) and Block Commodities Limited and Global Web Pay Limited. As well as providing CFO consulting to offshore AIM listed groups with business activities in agricultural, health and natural resources in Africa, he also brings to the Board specialised capital restructuring experience from his role as Group Finance Director of Earthport Plc. Previously Neil held senior financial positions at First Technology plc, the international automotive safety and sensing manufacturing group.

As at the date of this report, the Company has adopted the corporate governance structure set out below:

The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities and reviews management and financial performance. It is accountable to shareholders for the creation and delivery long term shareholder value. The board is also responsible for maintaining a framework of controls that allow it to effectively assess and manage risk. In addition, the Board sets the Company's core values and standards of business conduct and for ensuring that these are widely understood throughout the Group.

Board meetings are scheduled around the key events in the corporate calendar and additional meetings or conference calls are held to consider matters that require decisions outside the scheduled meetings.

The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters are the consideration and approval of:

- The overall strategy of the Company
- Financial statements
- Management structure, appointments and remuneration
- Acquisition terms, material contracts, major capital expenditure projects and budgets
- Capital structure, debt and equity issues
- Risk management and internal controls
- Corporate governance and compliance arrangements

The Board has established the following sub-committees.

Audit Committee

The Board has established an Audit Committee with formally delegated duties and responsibilities. The Audit Committee is chaired by Ian Tordoff and its other member is John Maxwell. The Audit Committee will meet at least two times a year and will be responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes. The Committee also monitors the performance and development of the Group and Company finance functions and are committed to ensure that timely and accurate financial information is available to the board and local

management.

Remuneration Committee

The remuneration committee, which currently comprises John Maxwell, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Group.

Aquis Rule Compliance Committee

The Aquis Rule Compliance Committee, comprises all directors, will meet not less than four times a year. The Aquis Rule Compliance Committee is chaired by Ian Tordoff.

The Company does not have a nomination committee as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

Terms and conditions for Directors

Ian Tordoff has a letter of appointment effective 1 September 2019 with a term of three years. Thereafter it may be terminated by either side with three months' notice. John Maxwell has a service agreement dated 20 March 2020 with a one year term. Thereafter it may be terminated by either side with six months' notice. Neil Clayton has a service agreement effective 1 June 2020 with a one year term. Thereafter it may be terminated by either side with six months' notice.

Evaluation of Board performance

As the Board has been reconstituted over the last 12 months, no formal review of the effectiveness of its performance as a unit, as well as that of its committees and the individual directors has been undertaken. Given the Company's size, performance reviews are to be carried out internally from time to time. Reviews will endeavor to identify skills development or mentoring needs of directors and the wider senior management team.

Share Dealing Code

The Company has adopted the Share Dealing Code for dealings in its securities by Directors and certain employees which is appropriate for a company whose shares are traded on the Aquis Stock Exchange Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with the Market Abuse Regulation and the relevant part of the Aquis Stock Exchange Rules.

It should be noted that MAR and the insider dealing legislation set out in the UK Criminal Justice Act 1993 will apply to the Company and dealings in Ordinary Shares.

Shareholder relations

The Company maintains a web site in accordance with the Access Rulebook of the AQSE Growth Market and includes regular updates about developments within the group. The directors are available to meet with institutional shareholders to discuss any issues and to enable them to gain an understanding of the Group's businesses, strategy and governance. Individual shareholders have the opportunity to raise questions with the board at the Annual General meeting. The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

On behalf of the board

I C Tordoff

20 October 2021

DIRECTORS' REPORT

The directors of the Company hereby present their annual report together with the audited financial statements for the period ended 31 March 2021 for the Group.

Incorporation and listing details

Vulcan Industries PLC was incorporated as a public company on 24 October 2018 with registered number 11640409, whose ordinary shares were admitted to trading on the Aquis Exchange Growth Market on 1 June 2020 under the symbol VULC.

Principal activities, business review and future developments

The principal activity of the Group is the investment in companies in the UK manufacturing sector. Details of the Group's current operations and performance, future prospects and developments are set out in the Strategic Report together with a review of the risks and uncertainties impacting on the Group's long-term performance.

Results and dividends

The Group results for the year ending 31 March 2021 show a loss after taxation of £3,423,000 (2020: £3,194,000). The Directors do not recommend the payment of a dividend (2020: £nil).

Directors

The Directors who held office during the year and until the date of this report were:

I C Tordoff	
P J Williams	Resigned 20 April 2020
J H Maxwell	
N W H Clayton	Appointed 01 June 2020
K Vaughn	Appointed 01 June 2020 resigned 8 September 2021

Directors' remuneration

	Year ended 31 March 2021	17 months to 31 March 2020
	Salary £'000	Salary £'000
J P Drummond (resigned 10 March 2020)	-	105
I C Tordoff	150	73
PJ Williams (resigned 20 April 2020)	-	87
J H Maxwell	94	29
N Clayton (appointed 1 June 2020)	70	-
K Vaughan (appointed 1 June 2020)	30	-
	344	294

Directors fees amounting to £78,000 (2020: £121,000) were outstanding at the period end (note 25). All amounts are short-term in nature and no amounts were paid to Directors in respect of their resignations other than salary due.

Directors' interests

As at the date of this report, the interests of the Directors and their related entities in the Ordinary Shares of the Company were:

J H Maxwell	3,155,556	0.9%
I C Tordoff	7,949,998	2.3%

Directors' indemnities

The Company does not maintain qualifying indemnity insurance for its directors and officers against liabilities in respect of proceedings brought by third parties

Substantial shareholdings

As at the date of this report the following shareholders each had an interest in 3% or more of the issued share capital of the Company:

Shareholder	Number of shares	Shareholding	
Pear Tree Limited	45,000,000		13.05%
Chestergate Limited	45,000,000		13.05%
JD Capital Limited	29,500,000		8.55%
First Sentinel plc	10,600,000		3.07%

Political and charitable donations

During the period no political and charitable donations were made.

Employee involvement policy

The Group places considerable value on the awareness and involvement of its employees in the Group's performance. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and that are of interest and concern to them as employees.

Supplier payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy which is to abide by the terms of payment agreed with suppliers for each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 March 2021 was 86 days (2020: 50 days).

Post balance sheet events

Post balance sheet events are set out in note 27.

Independent Auditor and statement of provision of information to the Independent Auditor

PKF Littlejohn LLP have expressed their willingness to continue in office as independent auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is not aware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Additional information and electronic communications

Additional information on the Company can be found on the Company's website at www.vulcanplc.com

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in compliance with the Access Rulebook of the AQSE Growth Market.

On behalf of the board

I C Tordoff

Chairman

20 October 2021

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 Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs in conformity with the requirements of the Companies Act 2006 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

On behalf of the board

I C Tordoff

Chairman

20 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VULCAN INDUSTRIES PLC

Opinion

We have audited the financial statements of Vulcan Industries Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated statement of changes in Equity, the Consolidated Statement of Cash, the notes to the consolidated financial statements, including a summary of significant accounting policies, the Company Statement of Financial Position, the Company statement of changes in equity and the notes to the Company statement of financial position. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 as applied to listed entities, 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.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that conditions casting significant doubt on the entity's ability to continue as a going concern. The group incurred a net loss of £3,423,000 during the year ended 31 March 2021 and, as of that date, the company's total liabilities exceeded its total assets by £2,559,000. These events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts prepared by management for the period up to December 2022, providing challenge to key assumptions and reviewing for reasonableness;
- A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management;
- Reviewing post-year end RNS announcements and held discussions with management on expenditure plans; and
- Assessing the adequacy of going concern disclosures within the Annual Report and Accounts

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Year	Group materiality	Basis for materiality
2020	£58K	1% turnover
2021	£49K	1% of turnover

We consider turnover to be the most significant determinant of the group's financial position and performance as it is a revenue generating group. Whilst materiality for the financial statements as a whole was set at £49k, significant components of the group were audited to a level of materiality ranging between £8k - £48.9k. Performance materiality for the group and components was set at 60% of overall materiality to ensure sufficient coverage of key balances. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £2.5k. There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

Our approach to the audit

Our group audit scope focused on the four trading subsidiaries. Together with the parent Company and its group consolidation, which was also subject to a full scope audit, these represent the significant components of the group, and include financially significant and risk significant components.

The audits of each of these components were performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing manufacturing entities and publicly listed entities

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Revenue recognition	
The Group is revenue generating across all of its subsidiaries. The Group is currently loss making and reliant on external funding. As a result there is a risk around the existence and	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none">Updating our understanding of the internal control environment in operation for the

<p>cut-off of revenues as revenue could be manipulated to maximise funding potential.</p> <p>Related disclosures are found in note 1 to the financial statements.</p>	<p>significant income streams and undertaking a walk-through to ensure that the key controls within these systems have been operating in the period under audit;</p> <ul style="list-style-type: none"> ▪ Reviewing the recognition policy in line with IFRS 15 requirements. ▪ Substantive transactional testing of income recognised in the financial statements, including any deferred and accrued income balances recognised at the period end; ▪ Reviewing a sample of sales recorded on either side of the period end to ensure cut-off is correct; ▪ Reviewing intragroup sales to ensure that they are eliminated correctly on consolidation; ▪ For new acquisitions, ensuring that revenue recorded within the group accounts is complete and accurate from the date of acquisition of the subsidiary; and ▪ Reviewing post period end credit notes for evidence of window dressing of sales.
<p>Inventory Valuation</p>	
<p>Inventory represents a material balance within the financial statements (£579k at 31 March 2021) and is key to the Group's operations.</p> <p>There is a risk that the control environment surrounding inventory is not appropriate and inventory is misstated in the financial statements. There is also a risk that that stock is not valued at the lower of cost and NRV.</p> <p>Related disclosures are found in note 1 to the financial statements.</p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> ▪ Stock take attendance for all subsidiaries (parent company does not hold any stock) to ensure the recording of stock quantities is complete and stock exists; ▪ Considering the appropriateness of the inventory system; ▪ Following up the stocktake attendance by confirming that counted items are correctly included on the final stock sheets and that any discrepancies arising are resolved; ▪ Testing the valuation of finished goods to selling prices and confirming that the NRV is greater than cost; ▪ By observation and enquiry, confirming that the estimates of time taken to complete production processes are consistent with the prior period and are reasonable; ▪ Checking the calculation of overhead rates by agreeing the elements of the calculation to the appropriate accounting records; ▪ Confirming that the basis of the overhead rate calculation is consistent with prior periods and is appropriate. If not, assessing the implications to the profit and loss account for the current period; and ▪ By observation and enquiry, confirming that overhead rates are based on overheads which

	are related to the production process and exclude non-related overheads.
Acquisition	
<p>The parent entity has acquired the business and certain assets of Romar Process Engineering Ltd ("Romar") for a total consideration of £550,000 during the year. Management must apply their judgement to develop an accounting policy that provides relevant and reliable information in accordance with IAS 8. There is a risk that the accounting treatment applied by management is not in accordance with applicable IFRS's.</p> <p>On acquisition, there is a risk that fair value of the assets acquired is incorrect. In addition, there is a risk that the consideration payable is not conducted on an arm's length basis, and thus either generating a higher goodwill balance or a significant bargain purchase recognised in the profit and loss account.</p> <p>Related disclosures are found in note 22 to the financial statements.</p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> ▪ Reviewing the sale and purchase agreement for investments purchased during the period; ▪ Agreeing the level of consideration to supporting documentation, including the valuation of any deferred or contingent consideration; ▪ Assessing the fair value of the identifiable assets and liabilities of the subsidiaries acquired; ▪ Reviewing management's accounting treatment and policy applied for each acquisition to ensure it is in accordance with IFRS. ▪ Reviewing calculations of goodwill occurring on the acquisition and ensuring recognition is in accordance with IFRS; and ▪ Considering whether there are indications of impairment in the value of the investment acquired during the period.

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 group and parent company 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 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 group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - Aquis rules;
 - Companies Act 2006;
 - GDPR;
 - Employment Law;
 - Health and Safety Law;
 - Anti-Bribery Money Laundering Regulations; and
 - QCA compliance
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations;
 - discussion with management regarding potential non-compliance; and
 - review of minutes of meetings of those charged with governance and RNS

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the going concern of the group and parent company and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

**Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

20 October 2021

Consolidated Statement of Comprehensive Income

		Year ending 31 March 2021	17months to 31 March 2020
	Note	£'000	£'000
Revenue		5,225	5,670
Cost of sales		(4,375)	(4,627)
Gross profit		850	1,043
Operating expenses	6	(3,082)	(3,007)
Other gains and losses	8	(446)	(608)
Impairment charge	12	(150)	-
Finance costs	9	(595)	(622)
Loss before tax		(3,423)	(3,194)
Income tax	10	-	-
Loss for the period attributable to owners of the Company		(3,423)	(3,194)
Other Comprehensive Income for the period		-	-
Total Comprehensive Income for the period attributable to owners of the Company		(3,423)	(3,194)
Earnings per share			
- Basic and Diluted earnings per share (pence)	11	(1.39)	(1.82)

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	At 31 March 2021 £'000	At 31 March 2020 £'000
Non-current assets			
Goodwill	12	1,571	1,271
Other intangible assets	12	825	841
Property, plant and equipment	13	409	484
Right of use assets	14	842	1,086
Total non-current assets		<u>3,647</u>	<u>3,682</u>
Current assets			
Inventories	15	628	357
Trade and other receivables	16	1,927	1,457
Cash and bank balances		86	54
Total current assets		<u>2,641</u>	<u>1,868</u>
Total assets		<u>6,288</u>	<u>5,550</u>
Current liabilities			
Trade and other payables	20	(4,305)	(3,092)
Lease liabilities	19	(263)	(317)
Borrowings	17	(433)	(832)
Provisions	26	(62)	-
Total current liabilities		<u>(5,063)</u>	<u>(4,241)</u>
Non-current liabilities			
Lease liabilities	19	(526)	(748)
Borrowings	17	(3,220)	(1,825)
Deferred tax liabilities	18	(38)	(38)
Total non-current liabilities		<u>(3,784)</u>	<u>(2,611)</u>
Total liabilities		<u>(8,847)</u>	<u>(6,852)</u>
Net liabilities		<u>(2,559)</u>	<u>(1,302)</u>
Equity			
Share capital	21	112	80
Share premium account	21	3,946	1,812
Retained earnings		(6,617)	(3,194)
Total equity attributable to the owners of the company		<u>(2,559)</u>	<u>(1,302)</u>

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements. The financial statements on pages 16 to 43 were approved and authorised for issue by the Board of Directors on 19 October 2021.

I C Tordoff
Chairman
20 October 2021

Consolidated statement of changes in equity	Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total Equity £'000
At 24 October 2018	-	-	-	-
Loss for the period	-	-	(3,194)	(3,194)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	(3,194)	(3,194)
Transactions with shareholders				
Issue of shares	80	1,812	-	1,892
Total transactions with shareholders for the period	80	1,812	-	1,892
At 1 April 2020	80	1,812	(3,194)	(1,302)
Loss for the period	-	-	(3,423)	(3,423)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	(6,617)	(4,725)
Transactions with shareholders				
Issue of shares	32	2,134	-	2,166
Total transactions with shareholders for the period	32	2,134	-	2,166
At 31 March 2021	112	3,946	(6,617)	(2,559)

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

Consolidated Statement of Cash Flows	Year ending 31 March 2021 £'000	17months to 31 March 2020 £'000
Loss for the period	(3,423)	(3,194)
Adjusted for:		
Finance costs	595	622
Depreciation of property, plant and equipment	117	153
Depreciation of right of use assets	244	281
Amortisation of intangible assets	116	126
Impairment of Goodwill	150	-
Increase in provisions	62	-
Share based payment	34	-
(Profit) / loss on disposal of property plant and equipment	-	12
Operating cash flows before movements in working capital	(2,105)	(2,000)
(Increase) / decrease in inventories	(272)	134
Increase in trade and other receivables	(470)	(237)
Increase in trade and other payables	1,367	1,777
Cash used in operating activities	(1,480)	(326)
Investing activities		
Proceeds on disposal of property, plant and equipment	-	4
Purchases of property, plant and equipment	(42)	(36)
Acquisition of subsidiary net of cash acquired	(350)	(908)
Net cash used in investing activities	(392)	(940)
Financing activities		
Interest paid	(595)	(622)
Proceeds from loans and borrowings	1,083	2,414
Repayment of loans and borrowings	(116)	(240)
Repayment of lease liabilities	(275)	(324)
Proceeds on issue of shares	1,807	92
Net cash from financing activities	1,904	1,320
Net increase in cash and cash equivalents	32	54
Cash and cash equivalents at beginning of year	54	-
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at end of year	86	54

The notes to the financial statements on pages 20 to 43 form an integral part of these financial statements.

The reconciliation of movements in borrowings to the cash flow statement is set out in note 17. Movements in lease liabilities are set out in note in note 19. Other significant non-cash movements relate to the equity consideration paid on the acquisition of Romar Process Engineering Limited, further details are set out in note 22.

Notes to the consolidated financial statements for the period ended 31 March 2021

1. General information

Vulcan Industries PLC is incorporated in England and Wales as a public company with registered number 11640409. The address of the Company's registered office is shown on page 50.

On 1 June 2020, the entire issued share capital of the Company was admitted to trading on the Aquis Stock Exchange Growth Market (AQSE Growth market).

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report.

These financial statements are presented in Sterling and are rounded to the nearest £'000, which is also the currency of the primary economic environment in which the Company and Group operate (their functional currency).

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) and IFRS interpretations Committee (IFRS IC) interpretations ("IFRS") in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the certain financial instruments that are measured at fair values at the end of each reporting period and certain assets and liabilities arising on acquisition, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out in note 3.

2. Adoption of new and revised Standards

New and amended IFRS Standards

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (implementation deferred)
Amendments to IFRS 3	Definition of a business (effective 1 January 2020)
Amendments to IAS 1 and IAS 8	Definition of material (effective 1 January 2020)
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and (in some cases) have not yet been adopted by the EU:

IFRS 17	Insurance Contracts (effective 1 January 2023)
IAS 37	Onerous contracts -costs of fulfilling a contract (effective 1 January 2022)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods

3. Significant accounting policies

Going concern

The Group has prepared forecasts covering the period of 12 months from the date of approval of these financial statements. These forecasts are based on assumptions including, inter alia, that there are no further significant disruptions due to COVID-19 to the supply of input materials or the ability to maintain operating capability in order to meet its projected sales volumes and that key assumptions are achieved, such as forecast volumes, selling prices and budgeted cost reductions. They further take into account working capital requirements and currently available borrowing facilities.

These forecasts show that the Group is projected, in the short term, to continue to experience net cash outflows rather than inflows and is contingent on securing additional funding either through additional loan facilities or through raising cash through capital transactions to remain a going concern.

The Group's focus is on continued improvements to operational performance of the acquisitions made to date with an emphasis on volume growth to increase gross margins and synergies resulting in cost reductions. On 1 June 2020 the Company was admitted to trading on the AQSE Growth Market. This has already facilitated the ability of the Company to raise new equity, with £3,550,000 raised before expenses from admission to the date of this report.

COVID-19: The Group does not anticipate any planned closures of sites or cessation of revenues. However, the future impacts of COVID-19 are inherently unknown and therefore a sensitised version of the Group's forecasts have been prepared which both increases the shortfall against pre-existing facilities and shortens the timing before a shortfall arises.

As set out in notes 17, the Group is currently funded by a combination of short and long-term borrowing facilities. Loans of £2,327,000 fall due for repayment between April and July 2022. The liquidity profile of the Group's debt is set out in note 24. The factoring facility, of which £321,000 (2020: £243,000) was fully drawn at 31 March 2021, may be withdrawn with 6 months' notice.

Based on the above, whilst there are no contractual guarantees, the directors are confident that the existing financing will remain available to the Group and as demonstrated by equity raised since the period end that additional sources of finance will be available. The directors, with the operating initiatives already in place and funding options available are confident that the Group will achieve its cash flow forecasts. Therefore, the directors have prepared the financial statements on a going concern basis.

Nonetheless, the forecasts show that the Group requires further funding to meet its commitments as they fall due and in addition to this the Group is reliant on maintaining its existing borrowings. If the Group's forecasts are adversely impacted by COVID 19 or other factors, then the Group may require further funding earlier than expected. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up for the period ended 31 March 2021. Control is achieved when the Company has the power:

- over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets (both tangible and intangible) acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the case of asset acquisition, it is the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the

unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, value added taxes and other sales related taxes.

Performance obligations and timing of revenue recognition:

All of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are collected or delivered to the customer, or in the case of fabrication project work, when the project has been accepted by the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually it will have a present right to payment. Consideration is received in accordance with agreed terms of sale.

Determining the contract price:

The Group's revenue is derived from:

- a) sale of goods with fixed price lists and therefore the amount of revenue to be earned from each transaction is determined by reference to those fixed prices; or
- b) individual identifiable contracts, where the price is defined

Allocating amounts to performance obligations:

For most sales, there is a fixed unit price for each product sold. Therefore, there is no judgement involved in allocating the price to each unit ordered.

There are no long-term or service contracts in place. Sales commissions are expensed as incurred. No practical expedients are used.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Furlough claims under the Job Retention Scheme, have been disclosed as other income and not netted against the related salary expense.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

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- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, Contingent liabilities and Contingent assets'. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Foreign currencies

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

There are no defined benefit plans in place.

Taxation

The income 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting 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 realized.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off.

Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method or reducing balance methods, on the following bases:

Leasehold improvements	Over the life of the lease
Plant and machinery	10 per cent – 25 per cent per annum
Fixtures and fittings	10 per cent – 30 per cent per annum
Motor Vehicles	20 per cent – 25 percent per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or

otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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 to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Initial recognition

A financial asset or financial liability is recognised in the statement of financial position of the Group when it arises or when the Group becomes part of the contractual terms of the financial instrument.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year-end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The Group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Trade and other receivables

Trade receivables are accounted for at amortised cost. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate expected credit loss allowances for estimated recoverable amounts as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material. Other receivables are accounted for at amortised cost and are stated at their nominal value as reduced by appropriate expected credit loss allowances.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability

was issued and its characteristics.

All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Borrowings

Borrowings are included as financial liabilities on the Group balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e. using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-

line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Identified intangible assets

Identified intangible assets arising on acquisition are disclosed in note 12 and comprise; marketing related assets such as brands and domain names; customer related assets such as customer relationships, lists and existing order books. Their existence is established in a post-acquisition review which also estimates their value and the period over which they are amortised;

Carrying value of goodwill, other intangible assets and property plant and equipment

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, Impairment of assets. Reported losses in the subsidiary companies, were considered to be indications of impairment and a formal impairment review was undertaken. The review uses a discounted cash flow model to estimate the net present value of each cash generating unit. Management consider each operating subsidiary to be a separately identifiable cash generating unit.

The impairment reviews are sensitive to various assumptions, including the expected sales forecasts, cost assumptions, capital requirements, and discount rates among others. The forecasts of future cash flows for each subsidiary were derived from the operational plans in place. Real prices were assumed to remain constant at current levels.

Details of the reviews are set out in note 12.

Receivables

In applying IFRS 9 the directors make a judgement in assessing the Group's exposure to credit risk. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due where historical experience has indicated that these receivables are generally not recoverable. Certain contracts are subject to contractual retentions with terms up to 2 years that are expected to be recoverable. Provision for expected losses on retentions are made on a contract by contract basis. The allowance for expected credit losses follows an internal assessment of customer credit worthiness and an estimate as to the timing of settlement and is disclosed in note 16. In addition, the directors have assessed the recoverability of other receivables on a case by case basis.

Provisions

As set out in note 26, a legal claim has been brought against the Company in respect of professional fees. Notwithstanding the merits of the Company's defence, the inherent uncertainties within any legal action and the associated costs, have led the directors to assessing the likely outcome and a provision of £62k has been made.

5. Operating segments

The Chief Operating Decision Maker (“CODM”) is the Board. The Board reviews the Group’s internal reporting in order to assess performance of the business. The Board consider that the Group operates in a single segment, the engineering sector in the United Kingdom. Included in revenues for the period ending 31 March 2021 are revenues of approximately £409,000 (2020: £494,000) which arose from sales to the Group’s largest customer. No single customer contributed 10 per cent or more to the Group’s revenue in the period.

6. Loss for the period

The loss for the period is arrived at after charging / (crediting)

	Year ending 31 March 2021 £'000	17 months to 31 March 2020 £'000
Net foreign exchange losses	10	2
Depreciation of property, plant and equipment	117	153
(Gain)/loss on disposal of property, plant and equipment	-	12
Depreciation of right-of-use assets	244	282
Cost of inventories recognised as expense	1,294	1,583
Employee benefit expense (see note 7)	3,581	3,593
Loss allowance on trade receivables (see note 16)	69	157
Amortisation of intangible assets	266	126

Amounts payable to the auditors and their associates in respect of audit services are as follows:

	£'000	£'000
Fees payable to the Company’s auditor for:		
- the audit of the Company’s accounts	26	25
- the audit of the Company’s subsidiaries	53	50
- other services	51	62
Total	<u>130</u>	<u>137</u>

Other services provided by the auditors relate to services provided as reporting accountants in connection with the IPO and admission of the Company’s shares to AQSE.

7. Employee benefits

	Year ending 31 March 2021 £'000	17 months to 31 March 2020 £'000
The average monthly number of employees (including executive directors) was		
Executive directors	2	2
Production	74	64
Administration	22	30
	<u>98</u>	<u>96</u>
Wages and salaries	3,164	3,210
Social security costs	312	290
Retirement benefits	105	93
Total employee benefits expense	<u>3,581</u>	<u>3,593</u>

Details of directors’ remuneration is set out in the directors’ report on page 7.

8. Other gains and losses

	Year ending 31 March 2021 <u>£'000</u>	<u>17 months to 31 March 2020 £'000</u>
Listing expenses	486	243
Acquisition costs	5	156
Loss allowance on trade receivables	69	157
Job Retention Scheme Furlough grants	(233)	-
Other expenses	119	52
	<u>446</u>	<u>608</u>

9. Finance costs

	Year ending 31 March 2021 <u>£'000</u>	<u>17 months to 31 March 2020 £'000</u>
Interest on bank overdrafts and loans	434	444
Interest on lease liabilities	69	54
Loan arrangement fees and other finance costs	92	124
	<u>595</u>	<u>622</u>

10. Income tax

	Year ending 31 March 2021	17 months to 31 March 2020 £'000
Corporation income tax		
- Current year	-	-
- Adjustments in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
- Origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>

The standard rate of corporation tax applied to reported loss for the period is 19 per cent (2020: 19 per cent).

The charge for the year can be reconciled to the profit before tax as follows:

	Year ended 31 March 2021 £'000	17 months to 31 March 2020 £'000
Loss before tax	(3,423)	(3,194)
Tax at the UK corporation tax rate of 19% (2020: 19%)	650	607
Tax effect of expenses that are not deductible in determining taxable profit	(20)	(12)
Tax effect of tax losses not recognised	(630)	(595)
	<u>-</u>	<u>-</u>
Tax expense for the year	<u>-</u>	<u>-</u>

At the reporting date, the Group has unused tax losses of £6,144,000 (2020: £2,821,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses as the requirements of IAS 12, 'Income taxes', have not been met.

11. Earnings per share

	Year ending 31 March 2021 £'000	17 months to 31 March 2020 £'000
Loss for the year for the purposes of basic loss per share attributable to equity holders of the Company	(3,423)	(3,194)
	<u>(3,423)</u>	<u>(3,194)</u>
Weighted average number of Ordinary Shares for the purposes of basic loss per share	246,159,692	175,835,336
	<u>246,159,692</u>	<u>175,835,336</u>
Basic earnings per share(pence)	(1.39p)	(1.82p)
	<u>(1.39p)</u>	<u>(1.82p)</u>

At 31 March 2021 and 31 March 2020, there were no options or warrants in issue and therefore no potential dilution.

12. Goodwill and other intangible assets

Goodwill

	£'000
Cost	
At 24 October 2018	-
Recognised on acquisition	1,271
At 31 March 2020	1,271
Recognised on acquisition	450
At 31 March 2021	1,721
Accumulated Impairment Losses	
At 24 October 2018 and 31 March 2020	-
Impairment charge	150
At 31 March 2021	150
Carrying value at 31 March 2021	1,571
Carrying value at 31 March 2020	1,271

Goodwill arising on acquisition comprises the expected synergies to be realised from the benefits of being a member of a group rather than stand-alone company. These include shared services, economies from pooled procurement, leveraging skillsets across the group and other intangible assets, such as the workforce knowledge, experience and competences across the group that cannot be recognised separately as intangible assets.

Identified intangible assets

	£'000
Cost	
At 24 October 2018	-
Recognised on acquisition	967
At 31 March 2020	967
Recognised on acquisition	100
At 31 March 2021	1,067
Amortisation	
At 24 October 2018	-
Charge for the period	126
At 31 March 2020	126
Charge for the period	116
At 31 March 2021	242
Carrying value at 31 March 2021	825
Carrying value at 31 March 2020	841

Identified intangible assets arising on acquisition comprise; marketing related assets such as brands and domain names; customer related assets such as customer relationships, lists and existing order books. These are amortised, depending upon the nature of the asset and the business acquired over 1 to 10 years on a straight-line basis.

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The Group tests goodwill and identified intangible assets annually for impairment, or more frequently if there are indications that they might be impaired. Continues losses incurred by the subsidiaries, were considered to be indications of impairment and an impairment review was undertaken.

The recoverable amount of the goodwill and identified intangible assets is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a six-year period, and a discount rate of 10% per cent per annum.

Where cash flows have been extrapolated beyond that six-year period, no further growth has been assumed.

In reviewing the goodwill attributable to the acquisition of Romar Process Engineering ("RPE"), the impairment review base case showed marginal headroom with the DCF, at a 10% discount rate. Application of the sensitivities outlined below indicated an impairment, and a charge of £150,000 has been made;

Sensitivity analysis

Discount rate: The Group's borrowings have a current nominal rate of interest ranging from 5% to 18% per annum. It is intended to refinance the loan at 18% at more reasonable long-term rates. The real rate assumed in these forecasts is estimated to be 10%, a blended rate, taking into account the timing required to arrange the refinancing.

With the exception of the impairment in respect of RPE, in order for a potential impairment to arise, either to goodwill and identifiable intangible assets arising on acquisition or to non-current assets in the subsidiaries, forecast sales volumes would have to fall by 6% to 11%. The forecasts did not indicate an impairment when a discount rate of 18% was applied.

13. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor vehicles	Fixtures and Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 24 October 2018	-	-	-	-	-
On acquisition of Subsidiary	173	1,110	60	122	1,465
Additions	-	16	7	13	36
Disposals	-	-	(40)	-	(40)
At 31 March 2020	173	1,126	27	135	1,461
Additions	-	30	3	9	42
At 31 March 2021	173	1,156	30	144	1,503
Accumulated depreciation					
At 24 October 2018	-	-	-	-	-
On acquisition of Subsidiary	173	543	44	88	848
Charge for the period	-	134	4	15	153
Disposals	-	-	(24)	-	(24)
At 31 March 2020	173	677	24	103	977
Charge for the period	-	110	3	4	117
At 31 March 2021	173	787	27	107	1,094
Net book value at 31 March 2021	-	369	3	37	409
Net book value at 31 March 2020	-	449	3	32	484

A charge over all the group's property plant and equipment is held as security for borrowings falling due after more than one year (see note 17).

14. Right of use assets

	Buildings	Plant and machinery	Motor vehicles	Fixtures and Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 24 October 2018	-	-	-	-	-
On acquisition of Subsidiary	451	61	351	18	881
Additions	617	-	23	-	640
Disposals	(124)	-	(8)	-	(132)
At 31 March 2020 and 2021	944	61	366	18	1,389
Accumulated depreciation					
At 24 October 2018	-	-	-	-	-
On acquisition of Subsidiary	29	24	83	12	148
Charge for the period	204	5	67	5	281
Disposals	(124)	-	(2)	-	(126)
At 31 March 2020	109	29	148	17	303
Charge for the period	178	5	60	1	244
At 31 March 2021	287	34	208	18	547
Net book value at 31 March 2021	657	27	158	-	842
Net book value at 31 March 2020	835	32	218	1	1,086

The Group leases several assets including buildings, plant, vehicles and IT equipment. The average lease term is 4 years (2020: 4 years).

The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in note 19.

Amounts recognised in profit and loss

	Year ending 31 March 2021 £'000	17 months to 31 March 2020 £'000
Depreciation expense on right-of-use assets	244	281
Interest expense on lease liabilities	69	30
Expense relating to short-term leases and low value assets	39	29
	<u>352</u>	<u>340</u>

At 31 March 2021, the Group is committed to £5,000 (2020: £24,000) for short-term leases.

15. Inventories

	At 31 March 2021 £'000	At 31 March 2020 £'000
Raw materials	171	90
Work-in-progress	377	220
Finished goods	80	47
	<u>628</u>	<u>357</u>

The cost of inventories recognised as an expense during the period in respect of continuing operations was £1,294,000 (2020: £1,583,000).

16. Trade and other receivables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Trade receivables	1,555	1,091
Less loss allowance	(176)	(97)
	<u>1,379</u>	<u>1,039</u>
Other receivables	393	412
Prepayments and accrued income	155	51
	<u>1,927</u>	<u>1,457</u>

Trade receivables

The average credit period on sales of goods is 121 days (2020: 67 days). No interest is charged on outstanding trade receivables. Certain fabrication and installation contracts have retention clauses which extend more than 120 days.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience, adjusted for factors that are specific to the individual debtors and general economic conditions of the industry in which the debtors operate. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due, with the exception of contract retentions, because historical experience has indicated that these receivables are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

At 31 March 2021	Current	More than 30 days	More than 60 Days	More than 90 days	More than 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expected loss rate	1%	0%	1%	8%	38%	11%
Gross trade receivables	828	154	114	44	416	1,555
Loss allowance	11	0	1	4	160	176
At 31 March 2020	Current	More than 30 days	More than 60 Days	More than 90 days	More than 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expected loss rate	1%	1%	4%	7%	20%	9%
Gross trade receivables	158	402	71	14	446	1,091
Loss allowance	2	3	3	1	88	97

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The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	£'000
Loss allowances at 24 October 2018	-
Loss allowance on acquisition	18
Increase in loss allowance recognised in profit or loss during the period	156
Receivables written off during the period as uncollectible	(77)
Loss allowances at 31 March 2020	<u>97</u>
Increase in loss allowance recognised in profit or loss during the year	79
Receivables written off during the year as uncollectible	-
Loss allowances at 31 March 2021	<u><u>176</u></u>

Group trade receivables amounting to £610,000 (2020: £299,000) have been pledged as security to loans from factoring facilities and £769,000 (2020: £740,000) has been pledged as security for borrowings falling due in more than one year.

17. Borrowings

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Non-current liabilities		
Secured		
Other Loans	1,854	1,825
Corona virus business interruption loan (CBIL)	799	-
Unsecured		
Bounce back loans (BBL)	94	-
Convertible loan note	473	-
	<u>3,220</u>	<u>1,825</u>
Current liabilities		
Secured		
Factoring facility	321	243
Other loans	-	548
Corona virus business interruption loan	106	-
	<u>427</u>	<u>791</u>
Unsecured		
Bounce back loans	6	-
Bank Overdraft	-	41
	<u>433</u>	<u>832</u>
	<u><u>3,653</u></u>	<u><u>2,657</u></u>

During the year the other loans falling due in less than one year were consolidated and replaced by a convertible loan note with a coupon of 5%. The lender has the right to convert the outstanding principal into ordinary share of the Company at a price of 3p per share. In the event that the lender does not exercise its conversion rights by 31 March 2022, the loan shall become immediately repayable by the Company.

Other loans falling due after more than one year of £1,854,000 (2020: £1,825,000) are secured by means of a debenture,

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chattels mortgage and cross guarantee entered into by the Company and each of its subsidiaries. During the year the Company extended term, capitalised some interest outstanding and the principal now falls due for repayment between April and July 2022.

The factoring facility is secured on the trade receivables amounting to £610,000 (2020: £377,000). There is a factoring charge of 1% of the Gross debt and a discount rate of 5% above Lloyds bank base rate on net advances. The agreement provides for 6 months' notice by either party and certain minimum fee levels.

During the year the Group drew down on a CBIL of £905,000. The loan is repayable over 6 years, with no repayments of principal or interest until the first anniversary of draw down. The CBIL is secured by means of a debenture and cross guarantee entered into by the Company and certain of its subsidiaries. The coupon is 4;25%.

The movement in borrowings reconciles to the cash flow statement as follows:

	At 31 March 2020	Interest capitalised	Reclassified	Drawn down	Repaid	At 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Secured borrowings	1,825	29	-	-	-	1,854
Other loans	548	-	(548)	-	-	-
Convertible loan note	-	-	548	-	(75)	473
Factoring facilities	243	-	-	78	-	321
CBIL and BBLs	-	-	-	1,005	-	1,005
Bank overdraft	41	-	-	-	(41)	-
Total borrowings	2,657	29	-	1,083	(116)	3,653

	At 24 October 2018	On Acquisition	Drawn down	Repaid	At 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Secured borrowings	-	-	1,825	-	1,825
Other loans	-	-	548	-	548
Factoring facilities	-	483	-	(240)	243
Bank overdraft	-	-	41	-	41
Total borrowings	-	483	2,414	(240)	2,657

18. Deferred tax

	Accelerated depreciation	Tax losses	Total
	£'000	£'000	£'000
At 24 October 2018	-	-	-
On acquisition of Subsidiary	38	-	38
Charge to profit and loss	-	-	-
At 31 March 2020	38	-	38
Charge to profit and loss	-	-	-
At 31 March 2021	38	-	38

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

19. Lease liabilities

Maturity Analysis	At 31 March 2021 £'000	At 31 March 2020 £'000
Year 1	7	14
Year 2	42	317
Year 3	243	35
Year 4	-	111
Year 5	497	588
	<u>789</u>	<u>1,065</u>
Analysed as:		
Current	263	317
Non-current	526	748
	<u>789</u>	<u>1,065</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The movement in lease liabilities reconciles to the cash flow statement as follows:

	2021 £'000	2020 £'000
At 1 April 2020 and 24 October 2018	1,065	-
On acquisition	-	747
Recognised under IFRS 16 in the period	-	642
Repayments	(276)	(324)
At 31 March	<u>789</u>	<u>1,065</u>

20. Trade and other payables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Trade payables	1,065	1,025
Other taxation and social security	2,316	1,171
Other payables	323	403
Accruals and deferred income	601	493
	<u>4,305</u>	<u>3,092</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 86 days (2020: 50 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is chargeable on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables do not incur interest penalties.

The directors consider that the carrying amount of trade payables approximates to their fair value.

21. Share capital

	Number	£'000
Issued and fully paid:		
At 24 October 2018	-	-
Issued during the period	198,900,000	80
At 31 March 2020	198,900,000	80
Issued during the period	81,886,938	32
At 31 March 2021	280,786,938	112

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

The company was incorporated on 24 October 2018 with an initial share capital £50,000, being 5 million ordinary shares with a par value of 1p. On 26 February 2019, the share capital was subdivided into shares with a nominal value of 0.04p. All disclosures referring to the number of shares in issue reflect this subdivision.

On 11 May 2020, the Company issued 6,666,667 shares at 3p for cash.

On 1 June 2020 the entire share capital of the Company was admitted trading on the Aquis Exchange Growth Market. In conjunction with the admission, the Company issued 21,408,331 new shares by way of a placing and subscription, raising £577,500 before expenses. The Company also issued 5,633,333 fee shares at 3p in respect of fees amounting to £169,000.

On 17 June 2020, the Company issued 3,250,000 shares at 2p to employees for cash and 166,667 shares at 3p for cash in respect of a late subscription. In addition, 5,833,333 shares were issued at 3p in settlement of outstanding fees.

On 17 June 2020 the Company issued 2,564,706 shares at 4.25p for cash.

On 8 July 2020 the company issued 1,570,178 shares at 4.5p for cash.

On 21 October 2020, the Group acquired the business and assets of Romar Process Engineering Limited for £550,000 comprising the issue of 2,500,000 shares at 6p per share, initial cash consideration of £350,000 and deferred consideration of £50,000.

On 21 October 2020, 83,333 shares were issued at 6p and 714,286 shares at 4.2p in settlement of consultancy fees.

On 25 November 2020 the Company issued 5,567,316 shares at 5p and 1,036,364 shares at 5.5p for cash

On 16 December 2020 the Company issued 6,636,363 shares at 5.5p for cash.

On 8 January 2021 the Company issued 2,650,000 shares at 5p and 272,727 shares at 5.5p for cash.

On 14 January 2021 the Company issued 2,222,222 shares at 4.5p for cash.

On 9 February 2021 the Company issued 4,583,333 shares at 4p for cash.

On 17 February 2021 the Company issued 8,250,000 shares at 4p for cash.

Share premium

	£'000
At 24 October 2018	-
Premium arising on issue of new equity during the period	1,812
At 31 March 2020	1,812
Premium arising on issue of new equity during the period	2,134
At 31 March 2021	3,946

22. Acquisition of subsidiaries

In the year to 31 March 2021, the Company completed one acquisition:

Romar Process Engineering Limited

On 21 October 2020, the Group purchased the business and assets of Romar Process Engineering Limited (“Romar”) for £550,000 which was satisfied by the issue and allotment by the Company of 2,500,000 Shares at an issue price of 6p per share, £350,000 in cash and £50,000 of deferred consideration. The acquisition has been treated as a business combination. Romar specialises in all areas of metal fabrication and complements other business within the group. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed in the acquisition is as set out in the table below.

	Total £'000
Identifiable intangible assets:	
- Marketing related	20
- Customer related	80
Fair value at acquisition	<u>100</u>
Goodwill	<u>450</u>
	<u>550</u>
Consideration	
Issue of equity	150
Cash	350
Deferred cash consideration	50
Total consideration	<u>550</u>

Acquisition costs of £5,000 have been included in other gains and losses in the consolidated statement of profit and loss and comprehensive income.

23. Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or take other steps to increase share capital and reduce or increase debt facilities. The capital structure of the Group is managed and monitored by the Directors. The capital structure is managed with reference to gearing ratios, cash flow and interest cover ratios.

24. Financial risk management

The Group’s financial instruments comprise primarily cash and various items such as trade debtors and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Group’s operations. The Company does not utilise complex financial instruments or hedging mechanisms.

Financial assets by category

	At 31 March 2021 £'000	At 31 March 2020 £'000
Current assets:		
Trade and other receivables	1,772	1,451
. Cash and cash equivalents	<u>86</u>	<u>54</u>
Categorised as financial assets measured at amortised cost	<u>1,858</u>	<u>1,505</u>

Financial liabilities by category

	At 31 March 2021 £'000	At 31 March 2020 £'000
Current liabilities		
Trade and other payables	4,305	3,137
Borrowings	433	832
Leases	263	317
Categorised as financial liabilities measured at amortised cost	<u>5,001</u>	<u>4,286</u>
Non-current liabilities		
Borrowings	3,220	1,825
Leases	525	748
Categorised as financial liabilities measured at amortised cost	<u>3,745</u>	<u>2,573</u>

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to make contractual payments for a period of greater than 120 days past due.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Company are bank balances and trade receivables. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings and the Directors consider the credit risk to be minimal.

The maximum exposure is that detailed out in financial assets at amortised cost above.

In relation to the impairment of financial assets, the Group accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Details of movements in expected credit losses are set out in note 16.

Interest rate risk

Borrowings falling due in more than one year are at a fixed rate of interest. Borrowings falling due in less than one year bear a variable rate of interest. On the assumption that the balance of floating rate debt at the year end remained outstanding for a year, the exposure to a 1% increase in interest rates would reduce profit before tax and equity by £13,000 (2020 :£8,000).

Currency risk

The Group operates in a global market with income and costs arising in a number of currencies. The majority of the operating costs are incurred in £GBP. The Company does not hedge potential future income or costs, since the existence, quantum and timing of such transactions cannot be accurately predicted. At 31 March 2021 and 31 March 2020 the Group did not have a material foreign currency exposure.

Liquidity risk

The Group policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital. The operating executives continually monitor the Group's actual and forecast cash flows and cash positions. They pay particular attention to ongoing expenditure, both for operating requirements and capital expenditure. The impact of COVID-19 on the liquidity risk of the Company has been considered in the Going Concern disclosures in note 3.

At 31 March 2021 the Company held cash deposits of £86,000 (2020: £54,000) and had borrowings and lease liabilities of £4,442,000 (2020: £3,722,000). As at the date of this report the Group has adequate liquidity to meet its obligations as they fall due.

The following table details the Group's remaining contractual maturity of its financial liabilities. The table is drawn up utilising undiscounted cash flows and based on the earliest date on which the Company could be required to settle its obligations.

Liquidity analysis	At 31 March 2021 £'000	At 31 March 2020 £'000
Year 1	648	1,153
Year 2	2,735	2,099
Year 3	375	238
Year 4	314	128
Year 5	370	104
	<u>4,442</u>	<u>3,722</u>

25. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with substantial shareholder

Zanate Fergusone owns the entire share capital of J D Capital Limited which holds 29,500,000 shares. During the year, JD Capital Limited held more than 10% of the shares in issue and is therefore considered to be a substantial shareholder. At 31 March 2021 JD Capital Limited held 9.65% of the shares in issue and therefore fell below the 10% threshold and is no longer considered to be a substantial shareholder. During the year certain subsidiary companies made/received advances to/from her. The net balance due to the Group at 31 March 2021 was £634,000 (2020: £515,000). This is considered to be recoverable.

Remuneration of key management personnel

The remuneration of the individual directors, who are the key management personnel of the Group, is set out in the Directors' report. Aggregate remuneration is set out below:

	Year ended 31 March 2021 £'000	17 months to 31 March 2020 £'000
Short-term employee benefits	<u>344</u>	<u>257</u>
At 31 March the following directors' fees were outstanding:		
IC Tordoff	6	61
JH Maxwell	49	20
N Clayton	5	-
K Vaughan	18	-
PJ Williams	-	40
	<u>78</u>	<u>121</u>

26. Provisions

In December 2019, the Company entered into a professional services agreement which could not be terminated before 18 September 2021. The agreement provided an annual retainer of £25,000 payable quarterly in advance. The agreement was informally terminated by both parties in April 2020. In January 2021, some 13 months after the original agreement, the Company received an invoice for £31,250 plus VAT. Two further quarterly invoices for £6,250 plus VAT have been received. In July 2021 the Company was notified of a claim for £106,000. The Company intends to defend its claim robustly and has requested that the claimant deposit security for costs with the court. A provision for £62,000 has been made.

27. Post balance sheet events

On 23 April 2021 the Company issued 769,231 shares at 3.9p for cash.

On 5 May 2021 the Company issued 2,335,000 shares at 3.2p for cash.

On 11 June 2021 the Company issued 6,866,491 shares at 2p for cash.

On 5 August 2021 the Company issued 17,658,333 shares at 1.54p for cash.

On 1 September 2021 the Company issued 9,600,000 shares at 1.7p for cash.

On 14 September 2021 the Company issued 12,212,500 shares at 1.6p for cash

On 30 September 2021 the Company issued 10,000,000 shares at 1.5p for cash

Company Statement of Financial Position

Vulcan Industries PLC

Company Number 11640409

	Note	At 31 March 2020 £'000	At 31 March 2020 £'000
Non-current assets			
Investments	4	2,900	2,750
Total non-current assets		<u>2,900</u>	<u>2,750</u>
Current assets			
Receivables	5	1,043	402
Cash		2	-
Total current assets		<u>1,045</u>	<u>402</u>
Total assets		<u>3,945</u>	<u>3,152</u>
Current liabilities			
Trade and other payables	6	(373)	(539)
Borrowings	7	-	(218)
Provision	9	(62)	-
Total current liabilities		<u>(435)</u>	<u>(757)</u>
Non-current liabilities			
Borrowings	7	(2,326)	(1,825)
Total non-current liabilities		<u>(2,326)</u>	<u>(1,825)</u>
Total liabilities		<u>(2,761)</u>	<u>(2,582)</u>
Net assets		<u>1,185</u>	<u>570</u>
Equity			
Share capital	8	112	80
Share premium account	8	3,946	1,812
Retained earnings		(2,873)	(1,322)
Total equity attributable to the owners of the company		<u>1,185</u>	<u>570</u>

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own Profit and Loss Account for the year. In the year ended 31 March 2021 the Company reported a loss of £1,551,000 (17 months to 31 March 2020: £1,322,000).

The notes on pages 46 to 49 form an integral part of the financial statements.

The financial statements were approved by the board on 20 October 2021

I C Tordoff

Chairman

Company statement of changes in equity	Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total Equity £'000
At 24 October 2018	-	-	-	-
Loss for the period	-	-	(1,322)	(1,322)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	(1,322)	(1,322)
Transactions with shareholders				
Issue of shares	80	1,812	-	1,892
Total transactions with shareholders for the period	80	1,812	-	1,892
At 31 March 2020	80	1,812	(1,322)	570
Loss for the period	-	-	(1,551)	(1,551)
Other comprehensive income for the period	-	-	-	-
Total Comprehensive income for the period	-	-	(1,551)	(1,551)
Transactions with shareholders				
Issue of shares	32	2,134	-	2,134
Total transactions with shareholders for the period	32	2,134	-	2,166
At 31 March 2021	112	3,946	(2,873)	1,185

The notes on pages 46 to 49 form an integral part of the financial statements.

Notes to the Company statement of financial position

1. Significant accounting policies

Basis of accounting

Vulcan Industries PLC (the "Company") is a public company limited by shares. The Company is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is on page 46. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 5. The Financial Statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The functional currency of Vulcan Industries PLC is considered to be pounds Sterling because that is the currency of the primary economic environment in which the Company operates. Vulcan Industries PLC meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements. Vulcan Industries PLC is consolidated in its Group Financial Statements. Exemptions have been taken in these separate Company Financial Statements in relation to the presentation of a cash flow statement, the remuneration of key management personnel and financial instruments. The principal accounting policies are consistent with those applied for the group and are summarised below.

Going concern

The director considerations in respect of going concern are set out in note 3 to the Group financial statements.

Investments

Investments in subsidiaries are measured at cost less impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described in note 3 to the Group financial statements. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Financial instruments

Initial recognition

A financial asset or financial liability is recognised in the statement of financial position of the Group when it arises or when the Group becomes part of the contractual terms of the financial instrument.

Financial Assets and liabilities

The accounting policy of the Company is identical to that of the Group and is disclosed in note 3 to the Group financial statements.

Borrowings

Borrowings are included as financial liabilities on the Group balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Carrying value of investments and intercompany receivables

Impairment reviews for non-current assets are carried out at each balance sheet date in accordance with IAS 36, Impairment of assets. Reported losses in the subsidiary companies, were considered to be indications of impairment and a formal impairment review was undertaken. The review uses a discounted cash flow model to estimate the net present value of each cash generating unit. Management consider each operating subsidiary to be a separately

identifiable cash generating unit.

The impairment reviews are sensitive to various assumptions, including the expected sales forecasts, cost assumptions, capital requirements, and discount rates among others. The forecasts of future cash flows for each subsidiary were derived from the operational plans in place. Real prices were assumed to remain constant at current levels.

Discount rate: The Group's borrowings have a current nominal rate of interest ranging from 5% to 18% per annum. The real rate assumed in these forecasts is 10%.

Sensitivities were applied to each forecast. In order for a potential impairment to arise, either to the cost of investment in subsidiaries or to intercompany receivables forecast sales volumes would have to fall by 4% to 15%. The forecasts did not indicate an impairment when a discount rate of 18% was applied.

No impairments were therefore considered necessary in the period ended 31 March 2021.

3. Profit and loss for the period

The auditor's remuneration for audit services to the Company is disclosed in note 6 to the Group Consolidated Financial Statements. Directors' remuneration is disclosed in the directors' report on page 7. There was one other employee of the Company in the year.

4. Investment in subsidiaries

	£'000
At 24 October 2018	-
Additions	2,750
At 31 March 2020	2,750
Additions	150
At 31 March 2020	2,900

The Company holds investments in the following subsidiary companies:

Subsidiary undertakings	Proportion of ordinary shares held	Country of incorporation and place of business	Registered office	Nature of business
IVI metallics Limited	100%	UK	300 St Saviours Road, Leicester LE5 4HP	Manufactures precision quality tacks and nails
M&G Olympic Products Limited	100%	UK	109-111 Randell Street, Sheffield S2 4SJ	M&G design, manufacture, and install custom-built architectural metalwork
Orca Doors Limited	100%	UK	9 Limber Road, Kirmington, Ulceby DN59 6BY	Manufactures high-quality doors and frames for the healthcare and education markets
Time Rainham Limited ¹	100%	UK	Unit 3 Manor Way, Rainham, RM13 8RH	Manufactures range of components including selector forks, levers, valve housings, manifolds and blocks as well as complex gearbox transmission cases

¹ The equity of Time Rainham Limited is held by IVI Metallics Limited

5. Receivables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Loans to subsidiary companies	856	340
Other debtors	187	62
At 31 March 2020	<u>1,043</u>	<u>402</u>

Loans to subsidiary companies do not bear interest.

6. Trade and other payables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Trade payables	47	210
Taxation and social security	53	-
Other payables	69	123
Accruals	204	206
At 31 March 2020	<u>373</u>	<u>539</u>

The directors consider that the carrying amount of trade payables approximates to their fair value

7. Borrowings

	At 31 March 2021 £'000	At 31 March 2020 £'000
Non-current liabilities		
Secured		
Other Loans	1,853	1,825
Unsecured		
Convertible loan note	473	
	<u>2,326</u>	<u>1,825</u>
Current liabilities		
Secured		
Other loans	<u>-</u>	<u>218</u>
	<u>2,326</u>	<u>2,043</u>

Other loans falling due after more than one year of £1,853,000 (2020: £1,825,000) are secured by means of a debenture, chattels mortgage and cross guarantee entered into by the Company and each of its subsidiaries. At 31 March 2021, the principal falls due for repayment between April and July 2022. The loans bear an interest rate of 18% per annum.

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The convertible loan note has a coupon of 5%. The lender has the right to convert the outstanding principal into ordinary share of the Company at a price of 3p per share. In the event that the lender does not exercise its conversion rights by 31 March 2022, the loan shall become immediately repayable by the Company.

8. Share capital

Issued and fully paid:	Number	£'000
At 24 October 2018	-	-
Issued during the period	198,900,000	80
At 31 March 2020	198,900,000	80
Issued during the year	81,886,938	32
At 31 March 2021	280,786,938	112

The Company has one class of ordinary shares with a nominal value of 0.04p and which carry no right to fixed income.

Share premium

Share premium	£'000
At 24 October 2018	-
Premium arising on issue of new equity during the period	1,812
At 31 March 2020	1,812
Premium arising on issue of new equity during the period	2,134
At 31 March 2021	3,946

9. Provision

Details are disclosed in note 26 to the group financial statements.

10. Related party transactions

The Company has taken the exemption not to disclose intercompany balances and transactions in the year with fully owned subsidiary undertakings. Details of transactions with Directors and Key management are referred to in note 25 of the group financial statements.

DIRECTORS, AGENTS AND ADVISERS

Directors	I C Tordoff (Executive Chairman) J H Maxwell (Non-executive) N W H Clayton (Group Finance Director)
Company Secretary	N W H Clayton
Registered office	8th Floor, The Broadgate Tower 20 Primrose Street London EC2A 2EW
Website	www.vulcanplc.com
Legal Advisers	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London, EC2A 2EW
Aquis Corporate Adviser and Broker	First Sentinel Corporate Finance Limited 72 Charlotte Street London, W1T 4QQ
Auditors	PKF Littlejohn LLP 15 Westferry Circus London, E14 4HD
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