



AYRSHIRE METAL PRODUCTS plc

COMPANY REGISTRATION NUMBER SC006517

Annual Report and Financial Statements
for the year ended 31 December 2022

A MARKET FOR YOUR SHARES

For some years, the Company has operated a share buy back procedure. This means that shareholders can sell their shares to the Company if they so wish. For further details, shareholders should contact the Company Secretary using the email address company.secretary@ayrshire.co.uk

Timings for the process are listed below:

<u>Step</u>	<u>Action</u>	<u>Closing Date</u>
1.	Shareholder writes to Company Secretary expressing a wish to sell their shares.	31 st January
2.	Company Secretary writes to those interested shareholders with full details and timings.	28 th February
3.	Final date for offers of sale to be received by Company Secretary (for approval by the Directors)	30 th April
4.	Final date for signed sale forms to be received by Company Secretary.	Mid-May
5.	Approval by Shareholders of buy-back at General Meeting.	By the end of June
6.	Assuming approval at the General Meeting, payment of sales proceeds to shareholders	Within 2 weeks of approval at the General Meeting

AYRSHIRE METAL PRODUCTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

AYRSHIRE METAL PRODUCTS PLC

COMPANY INFORMATION

Directors M L Wilson (Chairman)
F M Stafford-Charles
D K Pickerill
J F S Wilson

Company secretary D K Pickerill

Registered number SC006517

Registered office
24 Royal Circus
Edinburgh
Scotland
EH3 6SS

Independent auditor MHA MacIntyre Hudson
Peterbridge House
The Lakes
Northampton
NN4 7HB

AYRSHIRE METAL PRODUCTS PLC

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AYRSHIRE METAL PRODUCTS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Business review

During 2022 the Group has received £400k of income from a one off transaction. Operating profit, excluding this income, has increased by 50%.

At the year end the Group had net assets of £10.6m (2021 - £10.3m) which includes cash balances of £3.8m (2021 - £2.4m).

Principal risks and uncertainties

The directors consider the principal risks and uncertainties to the business to be;

- i) any decline in the economic and market conditions
- ii) an increase in competitive pricing
- iii) reduced margins
- iv) energy prices
- v) inflation increasing the cost of all overheads

To mitigate the impact of market conditions, the Group continually monitors expenditure and seeks the maximum value for money in all areas.

Financial risk management and objectives

The Group plans to finance its operations through retained profits and cash. The Group has various financial instruments such as trade debtors and trade creditors. The main purpose of the cash is to maintain adequate resources for the Group's operations. The Group does not enter into derivative transactions.

The Group does trade in financial instruments. The board reviews and agrees policies for managing each of the following risks:

Interest rate risk

The Group seeks to deposit cash assets safely to minimise risk while maximising the interest received.

The Group is not reliant on interest income nor does it have any borrowings, therefore the overall risk is minimal.

Liquidity risk

The Group seeks to ensure it has sufficient liquidity available to meet foreseeable needs. Cash reserves minimise liquidity risk.

Liquidity is constantly monitored and controlled via budgeting and cashflow forecasting.

Currency risk

The Group is exposed to translation and transaction foreign exchange risks. The Group seeks to manage these risks by limiting exposure to foreign exchange fluctuations.

Cash held in foreign currencies is repatriated to the UK and converted to Sterling at the earliest opportunity to mitigate potential currency risks.

Credit risk

All customers who wish to trade on credit terms are subject to credit vetting procedures, and debtors are monitored on an ongoing basis.

The Group also mitigates credit risk via the use of credit insurance.

AYRSHIRE METAL PRODUCTS PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

	<u>2022</u>	<u>2021</u>
Return before tax on net assets	7.5%	6.3%
Return before tax on sales	3.1%	3.2%
Operating margin to sales	3.7%	1.8%
EBITDA	£948k	£840k

Other key performance indicators

Average CO2 rating of the UK fleet – 64 g/ km (2021 - 81 g/ km).

The Group has set a maximum CO2 rating for its cars with an aim to reduce the Group's environmental impact.

Number of Apprenticeships - 2 (2021 -2)

The Group is actively encouraging the recruitment and training of apprentices, whilst utilising funding from the Government apprenticeship schemes.

Non financial information statement

The directors have had due regard for their duty to promote the success of the Group for the benefit of its members as a whole.

The directors consider the consequences of all investments or projects, ensuring they are fully planned and costed. Taking account of the potential financial returns as well as the wider impacts on the business and the environment.

The directors take into account the interest of employees by keeping them informed and with any decisions made, the impact on the employees of the business is considered.

Business relationships with suppliers, customers and others are key to the success of the Group. Regular contact is maintained to foster mutually beneficial and informed relationships.

The directors are aware of both their own and the Group's duties and responsibilities under the Bribery Act 2010.

The Group's operations strive for the minimum environmental impact and supports local charities within the community.

The directors are committed to the highest quality of products and services, this is achieved by regular quality assurance testing and ensuring that the company is in line with the latest in quality standards and engaging with the relevant accreditation board to ensure we are always on the forefront.

Annual meetings are held which are open to all members of the Group to ensure a fair and transparent process that keeps all members informed equally.

AYRSHIRE METAL PRODUCTS PLC

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

This report was approved by the board and signed on its behalf.

.....
D K Pickerill
Director

Date: 22 March 2023

AYRSHIRE METAL PRODUCTS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Principal activity

The principal activity of the Group is the production of cold rolled steel profiles.

Results and dividends

The profit for the year, after taxation, amounted to £645k (2021 - £512k).

Dividends declared and paid during the year totalled £391k (2021 - £689k).

Unclaimed historic dividends reversed during the year totalled £Nil (2021 - £66k).

Directors

The directors who served during the year were:

M L Wilson (Chairman)
F M Stafford-Charles
D K Pickerill
J F S Wilson

AYRSHIRE METAL PRODUCTS PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The directors continue to take reasonable steps to mitigate the potential risk to both the Group's operations and the health risks to the Group's employees of the pandemic.

The Group aims to continue to develop its strategy to increase its overall market share.

Payment policy

The Group's policy is to agree the terms of payment with suppliers prior to transacting, which are strictly adhered to.

Research and development activities

The Group is committed to research and development in order to secure its position as one of the UK's largest producers of cold formed profiles.

Engagement with employees

The Group's policy is to consult and discuss with employees matters likely to affect employee's interest. Information on all matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. The employment policies operated throughout the Group are designed to ensure consideration to all and, where appropriate, to promote employment of disabled persons, and ensure continuity of employment and training for those persons who may become disabled during their period of employment with the Group. Continued close attention is paid to the health and safety of employees while at work. Consultation with employees is organised according to the particular needs of each location at which the Group operates. It is the policy of the Group that training, development and promotion activities should be obtainable by all employees.

Acquisition of own shares

During the year the Company purchased and subsequently cancelled 60,900 (2021 - 22,091) Ordinary shares with a nominal value of £15k (2021 - £6k) for total consideration of £12k (2021 - £8k).

Matters covered in the Group Strategic Report

Included in the strategic report is the business review, principal risks and uncertainties and key performance indicators.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

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

AYRSHIRE METAL PRODUCTS PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
D K Pickerill
Director

Date: 22 March 2023

AYRSHIRE METAL PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC

Qualified opinion

We have audited the financial statements of Ayrshire Metal Products Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, 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 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As detailed in note 25, these financial statements do not present the assets, liabilities or movements through profit or loss and other comprehensive income relating to the defined benefit pension scheme. This is a departure from the requirements of Section 28 'Employee Benefits' of FRS 102. As disclosed in note 25, the unrecognised pension scheme asset at 31 December 2022 was £89k (2021 - £423k) and the related unrecognised deferred tax liability was £22k (2021 - £106k). No entries have been made in the Group and Parent Company Statements of Financial Position in relation to the pension scheme asset or the related deferred tax liability. No entries have been reflected in the Consolidated Statement of Comprehensive Income in relation to the related movements and charges in the year. In our opinion the pension scheme asset and related deferred tax liability are required to be accounted for under Section 28 of FRS 102.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

Conclusions relating to going concern

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

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

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

Other information

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

As described in the basis for qualified opinion section of our report, our audit opinion is qualified due to the exclusion of balances relating to the defined benefit pension scheme. Information relating to the performance of the group, including the key performance indicators, excludes balances and movements related to the scheme and accordingly we have concluded that the other information is materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

AYRSHIRE METAL PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC (CONTINUED)

Matters on which we are required to report by exception

Except for the matter described in the Basis for qualified opinion section of our report, 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 Group 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

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 Group 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:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and review of accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations.

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. The 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.

Guy Hodgkinson BA ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditor

Northampton, United Kingdom

11 April 2023

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	25,763	19,969
Cost of sales		(21,273)	(15,888)
Gross profit		4,490	4,081
Distribution costs		(763)	(692)
Administrative expenses		(3,179)	(2,843)
Exceptional administrative expenses	12	-	(187)
Other operating income	5	400	4
Operating profit	6	948	363
Income from fixed assets investments	9	33	32
Gains/(losses) on investments		(192)	251
Profit before taxation		789	646
Tax on profit	10	(144)	(134)
Profit for the financial year		645	512
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		65	(275)
Currency translation differences		5	(7)
Deferred taxation on unrealised deficit/surplus revaluation of tangible fixed assets		(16)	59
Other comprehensive income for the year		54	(223)
Total comprehensive income for the year		699	289
Profit for the year attributable to:			
Owners of the parent Company		645	512
Total comprehensive income for the year attributable to:			
Owners of the parent Company		699	289

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 21 to 43 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	13	5,065	5,097
		<u>5,065</u>	<u>5,097</u>
Current assets			
Stocks	15	1,866	2,034
Debtors: amounts falling due within one year	16	1,584	1,682
Current asset investments	17	1,818	1,977
Cash at bank and in hand	18	3,789	2,430
		<u>9,057</u>	<u>8,123</u>
Creditors: amounts falling due within one year	19	(3,500)	(2,950)
		<u>5,557</u>	<u>5,173</u>
Net current assets		5,557	5,173
Total assets less current liabilities		10,622	10,270
Deferred taxation	21	(56)	-
		<u>(56)</u>	<u>-</u>
Net assets		10,566	10,270
		<u><u>10,566</u></u>	<u><u>10,270</u></u>
Capital and reserves			
Called up share capital	22	2,442	2,457
Revaluation reserve	23	4,415	4,366
Capital redemption reserve	23	58	43
Profit and loss account	23	3,651	3,404
		<u>10,566</u>	<u>10,270</u>
		<u><u>10,566</u></u>	<u><u>10,270</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
D K Pickerill
Director

Date: 22 March 2023

The notes on pages 21 to 43 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	13	14	14
Investments	14	1,460	1,460
		<u>1,474</u>	<u>1,474</u>
Current assets			
Debtors: amounts falling due within one year	16	5,595	5,871
Current asset investments	17	1,818	1,977
Cash at bank and in hand	18	356	205
		<u>7,769</u>	<u>8,053</u>
Creditors: amounts falling due within one year	19	(45)	(132)
Net current assets		<u>7,724</u>	<u>7,921</u>
Total assets less current liabilities		<u>9,198</u>	<u>9,395</u>
Provisions for liabilities			
Deferred taxation	21	(63)	(99)
		<u>(63)</u>	<u>(99)</u>
Net assets		<u>9,135</u>	<u>9,296</u>
Capital and reserves			
Called up share capital	22	2,442	2,457
Capital redemption reserve	23	58	43
Profit and loss account brought forward		6,796	7,194
Profit for the year		242	233
Purchase of own shares		(12)	(8)
Net dividends payable	11	(391)	(623)
		<u>6,635</u>	<u>6,796</u>
Profit and loss account carried forward		<u>9,135</u>	<u>9,296</u>

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
D K Pickerill
Director

Date: 22 March 2023

The notes on pages 21 to 43 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2022	2,457	43	4,366	3,404	10,270
Comprehensive income for the year					
Profit for the year	-	-	-	645	645
Currency translation differences	-	-	-	5	5
Surplus on revaluation of freehold property	-	-	65	-	65
Deferred tax on revaluation	-	-	(16)	-	(16)
Total comprehensive income for the year	-	-	49	650	699
Net dividends payable	-	-	-	(391)	(391)
Purchase of own shares	(15)	15	-	(12)	(12)
At 31 December 2022	2,442	58	4,415	3,651	10,566

The notes on pages 21 to 43 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	2,463	37	4,582	3,530	10,612
Comprehensive income for the year					
Profit for the year	-	-	-	512	512
Currency translation differences	-	-	-	(7)	(7)
Deficit on revaluation of freehold property	-	-	(275)	-	(275)
Deferred tax on revaluation	-	-	59	-	59
Total comprehensive income for the year	-	-	(216)	505	289
Net dividends payable	-	-	-	(623)	(623)
Purchase of own shares	(6)	6	-	(8)	(8)
At 31 December 2021	2,457	43	4,366	3,404	10,270

The notes on pages 21 to 43 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

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

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	2,463	37	7,194	9,694
Comprehensive income for the year				
Profit for the year	-	-	233	233
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	233	233
Net dividends payable	-	-	(623)	(623)
Purchase of own shares	(6)	6	(8)	(8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2022	2,457	43	6,796	9,296
Comprehensive income for the year				
Profit for the year	-	-	242	242
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	242	242
Contributions by and distributions to owners				
Net dividends payable	-	-	(391)	(391)
Purchase of own shares	(15)	15	(12)	(12)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	2,442	58	6,635	9,135

The notes on pages 21 to 43 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit for the financial year	645	512
Adjustments for:		
Depreciation of tangible assets	171	196
Profit on disposal of tangible assets	(1)	(15)
Taxation charge	144	134
Decrease/(increase) in stocks	168	(626)
(Increase)/decrease in debtors	(2)	235
Increase/(decrease) in creditors	587	(7)
Corporation tax (paid)	(102)	(84)
Foreign exchange gains and losses	32	(18)
(Gain)/loss on revaluation of current asset investment	192	(251)
Dividends receivable	(33)	(32)
Net cash generated from operating activities	1,801	44
Cash flows from investing activities		
Purchase of tangible fixed assets	(82)	(39)
Sale of tangible fixed assets	10	27
Dividends received	33	32
Net cash from investing activities	(39)	20

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
Cash flows from financing activities		
Purchase of ordinary shares	(12)	(8)
Dividends paid	(391)	(689)
Net cash used in financing activities	<u>(403)</u>	<u>(697)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,359</u>	<u>(633)</u>
Cash and cash equivalents at beginning of year	2,430	3,063
Cash and cash equivalents at the end of year	<u><u>3,789</u></u>	<u><u>2,430</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>3,789</u></u>	<u><u>2,430</u></u>

The notes on pages 21 to 43 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £000	Cash flows £000	At 31 December 2022 £000
Cash at bank and in hand	2,430	1,359	3,789
Liquid investments	1,977	(159)	1,818
	<u>4,407</u>	<u>1,200</u>	<u>5,607</u>

The notes on pages 21 to 43 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Ayrshire Metal Products Plc is a Limited Liability Company incorporated in Scotland. Its registered office address is 24 Royal Circus, Edinburgh EH3 6SS. The principal activity of the Company is a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The ongoing uncertainty within the global economy has continued to impact sales, whilst putting increased pressure on the cost of the business.

In response to the global uncertainties, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of global uncertainties. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contributions pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

Defined benefit pension plan

The Group operates a defined benefit pension scheme. Certain Directors are members of the scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The assets of the scheme are held, administered and invested independently of the Group.

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. Disclosures in respect to the relevant scheme are set out in note 25.

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 3.5% per annum
Plant and machinery	- 8-50% per annum
Motor vehicles	- 20-25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Revaluation of tangible fixed assets

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The principal judgments and estimates considered by the directors in these financial statements are as follows:

Actuarial assumptions in relation to the defined benefit pension scheme - the assumptions are set out in detail in note 25 and the directors have taken advice from an Actuary in the preparation of the scheme valuation and related disclosures.

The rates of depreciation applied to fixed assets are management estimates. The rates applied are based on the experience of the business in the consumption of economic value of different classes of assets and are regularly reconsidered as the business develops.

Other provisions made which could have an impact on the financial statements include a bad debt provision totalling £63k (2021 - £49k). This is based on a set of criteria designed by the Group and applied on a consistent basis.

A stock provision of £85k (2021 - £82k) is based on a set of criteria designed by the Company and applied on a consistent basis.

A dilapidations provision of £Nil (2021 - £30k) is based on management's estimate for dilapidation costs payable on cessation of premises leases.

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

The geographical analyses are not disclosed as the directors believe this is prejudicial to the interest of the Group.

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£000	£000
Income from assignment of lease	400	-
Government grants receivable	-	4
	<hr/> 400 <hr/>	<hr/> 4 <hr/>

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible fixed assets	171	196
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	4	4
- The audit of the Group's subsidiaries pursuant to legislation	20	19
- Tax compliance services	5	4
- Accounts preparation	3	2
Exchange differences	(24)	52
Operating lease rentals - buildings	41	90
Operating lease rentals - plant, machinery and vehicles	107	97
	<hr/> 107 <hr/>	<hr/> 97 <hr/>

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	4,958	4,270	9	7
Social security costs	480	412	-	-
Cost of defined contribution scheme	101	94	-	-
	5,539	4,776	9	7

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Management	8	8	4	4
Administration and sales	60	50	-	-
Production	35	34	-	-
	103	92	4	4

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	207	172
Group contributions to defined contribution pension schemes	8	7
	215	179

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £170k (2021 - £136k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8k (2021 - £7k).

Key Management Personnel

Remuneration in respect of Key Management Personnel totalled £722k (2021 - £532k). Pension contributions in respect of defined contribution schemes totalled £14k (2021 - £11k). Employers' national insurance contributions totalled £69k (2021 - £47k).

9. Income from investments

	2022	2021
	£000	£000
Income from current asset investments	33	32

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	33	139
Double taxation relief	-	(1)
	<u>33</u>	<u>138</u>
Foreign tax		
Foreign tax on income for the year	61	(23)
Foreign tax in respect of prior periods	-	4
	<u>94</u>	<u>119</u>
Deferred tax		
Origination and reversal of timing differences	(38)	115
Unutilised losses	88	(100)
	<u>50</u>	<u>15</u>
Taxation on profit on ordinary activities	<u>144</u>	<u>134</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	789	646
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	150	123
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	46	1
Utilisation of tax losses	(103)	(22)
Higher rate taxes on overseas earnings	82	67
Adjustments to tax charge in respect of prior periods	-	4
Short-term timing difference leading to an increase (decrease) in taxation	31	8
Fixed asset differences	8	13
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(70)	(54)
Research and development	-	(6)
Total tax charge for the year	144	134

Factors that may affect future tax charges

The Finance Bill 2021 had its third reading on 24 May 2021 and was then considered to be substantively enacted; the Finance Act 2021 receiving Royal Assent on 10 June 2021. This included 25% as the main rate of corporation tax relevant for periods on or after 1 April 2023 to be reflected in gains on any asset sales or timing differences expected to reverse after that date.

11. Dividends

	2022	2021
	£000	£000
Dividends declared	391	689
Unclaimed historic dividends reversed	-	(66)
	391	623

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Exceptional items

	2022	2021
	£000	£000
Exceptional items	-	187

The Group consolidated its manufacturing facilities into a single site at Daventry in autumn 2020, to optimise productivity and improve efficiencies. The costs for this consolidation fall within the ordinary activities of the Group but are presented separately due to their size and incidence.

13. Tangible fixed assets**Group**

	Freehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2022	4,689	1,451	6,140
Additions	-	82	82
Disposals	-	(126)	(126)
Revaluations	65	-	65
Exchange adjustments	-	16	16
At 31 December 2022	<u>4,754</u>	<u>1,423</u>	<u>6,177</u>
Depreciation			
At 1 January 2022	-	1,043	1,043
Charge for the year on owned assets	-	171	171
Disposals	-	(117)	(117)
Exchange adjustments	-	15	15
At 31 December 2022	<u>-</u>	<u>1,112</u>	<u>1,112</u>
Net book value			
At 31 December 2022	<u>4,754</u>	<u>311</u>	<u>5,065</u>
At 31 December 2021	<u>4,689</u>	<u>408</u>	<u>5,097</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Tangible fixed assets (continued)

Included in the net book value of freehold land and buildings is £2,921k (2021 - £2,595k) of land which is not depreciated.

At the Balance Sheet date, freehold property owned by the Group was revalued following a professional valuation by Underwood LLP, Certified Chartered Surveyors, on an existing use basis. As a result, no depreciation has been charged. The historic cost of the freehold property was £1,617k. The accumulated depreciation would have been £578k (2021 - £496k) if the property had not been revalued.

Company

	Freehold property £000
Cost or valuation	
At 1 January 2022	14
At 31 December 2022	<u>14</u>
Depreciation	
At 1 January 2022	-
At 31 December 2022	<u>-</u>
Net book value	
At 31 December 2022	<u><u>14</u></u>
At 31 December 2021	<u><u>14</u></u>

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Fixed asset investments**Company**

	Investments in subsidiary companies £000
Cost	
At 1 January 2022	1,460
At 31 December 2022	<u>1,460</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ayrshire Metal Products (Daventry) Ltd	24 Royal Circus, Edinburgh, Scotland, EH3 6SS	Ordinary	100%
Ayrshire Metal Pension Trust Ltd	24 Royal Circus, Edinburgh, Scotland, EH3 6SS	Ordinary	100%
Ayrframe Ltd	24 Royal Circus, Edinburgh, Scotland, EH3 6SS	Ordinary	100%
Airframe Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
Ayrshire Steel Framing Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
System-Bau-Elemente Vertriebs GmbH	Offenbachstr. 1, 81241 München, Germany	Ordinary	100%
Ayrshire Metals Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Stocks

	Group 2022 £000	Group 2021 £000
Raw materials and consumables	1,215	1,408
Work in progress (goods to be sold)	651	626
	1,866	2,034

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	1,376	1,306	-	-
Amounts owed by group undertakings	-	-	5,595	5,871
Other debtors	35	137	-	-
Prepayments and accrued income	173	235	-	-
Deferred taxation	-	4	-	-
	1,584	1,682	5,595	5,871

The deferred tax of the Company of £Nil (2021 - £Nil) and the Group of £Nil (2021 - £4k) is due after more than one year.

17. Current asset investments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Listed investments at market valuation	1,818	1,977	1,818	1,977

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	3,789	2,430	356	205

19. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	1,968	1,884	-	-
Corporation tax	33	137	2	17
Other taxation and social security	226	-	-	-
Accruals and deferred income	1,273	929	43	115
	3,500	2,950	45	132

20. Financial instruments

	Group 2022 £000	Group 2021 £000
Financial assets		
Financial assets measured at fair value through profit or loss	1,818	1,977

Financial assets measured at fair value through profit or loss comprise listed current asset investments.

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Deferred taxation

Group

	2022 £000	2021 £000
At beginning of year	4	(39)
Charged to profit or loss	(44)	(16)
Charged to other comprehensive income	(16)	59
At end of year	(56)	4

Company

	2022 £000	2021 £000
At beginning of year	(99)	10
Charged to profit or loss	36	(109)
At end of year	(63)	(99)

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Accelerated capital allowances	(5)	(21)	-	-
Tax losses carried forward	22	110	22	21
Property revaluation	10	26	-	-
Timing differences	(83)	(111)	(85)	(120)
	(56)	4	(63)	(99)

22. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
9,766,837 (2021 - 9,827,737) Ordinary shares of £0.25 each	2,442	2,457

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Reserves**Revaluation reserve**

Represents the revaluation gains from revaluation of freehold property.

Capital redemption reserve

Represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the Company.

Profit and loss account

Records cumulative effect of all historic profits for the Group and Company.

24. Capital commitments

At 31 December 2022 the Group and Company had capital commitments as follows:

	Group 2022 £000	Group 2021 £000
Authorised but not contracted for	-	42

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Pension commitments**A) Group Personal Pension Scheme**

The Group operates a defined contribution pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £101k (2021 - £94k). Contributions totalling £13k (2021 - £15k) were payable to the fund at the reporting date.

B) Group Defined Benefit Pension Scheme

The Group has a defined benefit pension scheme for certain employees.

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. The decision has been taken in order that the Financial Statements of the Group show a true and fair view.

All other disclosures required under FRS 102 are set out below in order to provide sufficient information had a decision been taken to recognise matters relating to the Defined Benefit Pension Scheme in the primary statements of the Group.

Ayrshire Metal Products Plc sponsors the Ayrshire Metal Products Senior Official's Pension Scheme which is a funded defined benefit arrangement.

Over the financial year the employer continued to enjoy a contribution holiday.

Composition of plan assets:

	2022	2021
	£000	£000
Equities	17,784	22,045
Bonds	2,433	3,077
Cash	464	556
Total plan assets	20,681	25,678

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2022 £000	2021 £000
Opening defined benefit obligation	10,883	8,737
Current service cost	14	14
Contributions by scheme participants	199	119
Actuarial gains and (losses)	(3,596)	(1,040)
Past service costs	-	4,861
Benefits paid	(307)	(1,808)
Closing defined benefit obligation	7,193	10,883

Reconciliation of fair value of plan assets were as follows:

	2022 £000	2021 £000
Opening fair value of scheme assets	25,678	24,371
Actual return on scheme assets less interest income	(5,017)	2,890
Interest income	471	286
Administrative expenses	(144)	(61)
Benefits paid	(307)	(1,808)
	20,681	25,678

The Group expects to contribute £NIL to its defined benefit pension scheme in 2023.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022 %	2021 %
Discount rate	4.8	1.9
Future salary increases	0	0
Future pension increases	4.1	4.1
Revaluation in deferment	0	2.8
Inflation assumption	3.4	3.7

AYRSHIRE METAL PRODUCTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Pension commitments (continued)

	2022	2021
	£000	£000
Fair value of plan assets	20,681	25,678
Fair value of scheme liabilities	(7,193)	(10,883)
Unrecoverable surplus	(13,399)	(14,372)
Surplus	89	423
Pension asset	89	423
Deferred tax	(22)	(106)
	67	317

26. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group
	2022	2021
	£000	£000
Not later than 1 year	121	116
Later than 1 year and not later than 5 years	198	194
Later than 5 years	-	5
	319	315

27. Other financial commitments

Guarantees given in respect of performance bonds in the normal course of business amounted to £35k at 31 December 2022 (2021 - £35k).

The Company is party to an unlimited cross guarantee arrangement with certain subsidiary undertakings in respect of Group banking arrangements. At 31 December 2022 the Company had a contingent liability of £Nil (2021 - £Nil) in respect of this guarantee.

28. Controlling party

Knapdale (Nominees) Ltd, a company controlled by the Director M L Wilson, controls 5,114,000 of the issued share capital of Ayrshire Metals Products Plc, and is the ultimate controlling party.