NUCORE GROUP LTD.
No. SC450189

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

NUCORE GROUP LTD.

COMPANY INFORMATION

Directors	Russell Ward Michael Bryant
Company number	SC450189
Registered office	Unit 4C, The Core Berryhill Crescent Bridge of Don Aberdeen AB23 8AN
Business address	Unit 4C, The Core Berryhill Crescent Bridge of Don Aberdeen AB23 8AN
Auditor	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
Bankers	Royal Bank of Scotland plc 78 Union Street Aberdeen AB10 1HH
	IGF Business Credit Limited Kingsgate High Street Redhill RH1 1SG
Solicitors	Burness Paull LLP 2 Marischal Square Broad Street Aberdeen AB10 1DQ

NUCORE GROUP LTD.

CONTENTS

NUCORE GROUP LTD.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2023

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

Principal activities

The principal activity of the company is offering integrated engineering solutions, products and services and maintenance contracts to clients in range of different business and market sectors including U.K domestic, internationally and on global basis. The company is based in Aberdeen Scotland and is an exporter of both products and services, we provide specialised engineering solutions for difficult, tough, and challenging engineering situations across the globe. The company has been trading for more than 30 years and is a provider of HVAC & Refrigeration, fire safety and security solutions. The company has excellent safety record operating in highly regulated industrial sectors, government legislated markets and industry regulated sectors and markets.

Fair review of the business

The company offers integrated engineering solutions, products and services and maintenance contracts to clients in several different markets including energy (inc. oil & gas, petrochemical), renewables, local government(s), health authorities, beverage, and construction sector(s), to both public and private companies. Territorially, the company’s engineering solutions, products and maintenance and service offering(s) are sold regionally, domestically, internationally and on global basis across multiple market sectors. The company enjoys a blue-chip client base including some of the world's largest and leading companies, many of them household names. Our client base has long tenure with some clients the relationship lasting more than 2 decades, owing to the importance and critical nature of our products and services -- repeat business and client loyalty are strong characteristics exhibited by the companies’ typical clients.

Both OTEAC Limited and HVAC & Refrigeration Engineering Limited products and services are sold under the Nucore brand. OTEAC Limited was a specialist fire and safety engineering company, whilst HVAC & Refrigeration Engineering Limited specialised in the supply, manufacture and servicing of heating ventilation, air-conditioning, and refrigeration products. Our standard products include world leading brands HAZCOOL, CLIMARINE and CLIMARINE BASELINE, they are class leaders in their sector(s) and continue to be sold by Nucore Group on a global basis. Increasingly, our products are specified into client’s design and engineering specifications and ordered on repeat basis for installation and operation into our client asset(s) on international or global basis.

The senior management team have set clear and concise strategic direction for the company to grow and prosper, diversification into new market(s), sector(s) and territorial region(s), sector diversification is key important consideration(s) as we enter the contract review stage with key clients. Over the past few years, the company has been successful in entering new geographies and market segments by developing new, exciting products, and securing new agreements with clients -- resulting in less reliance and dependence on our more traditional North Sea oil & gas and petrochemical markets. The growth and diversification strategy and tactics will be key facets for 2024 and 2025 trading. As a result we anticipate 50% diversification away from our traditional markets by end of 2025.

Client management is based on ‘cradle-to-grave’ approach whereby the company provides design, engineering solution(s), products and complete service and maintenance offerings throughout the entire client ownership cycle. This encourages client continuity and more ‘client touchpoints’ over a longer period, this tends to manifest itself with enhanced customer satisfaction, performance to SLA’s, longer revenue cycles, consistent margins, and investment in resources by the group. Contractually, we are using ‘Framework Agreement(s)’ with major clients lasting 3-5 years as a typical contractual period. The Framework Agreements represent a meaningful part of company sales turnover with improvements in revenue visibility, predictability, and stability for the company. We will continue to deploy these contractual tactics throughout upcoming trading periods for new clients and conversion of existing clients to Framework Agreement(s). At time of writing, we have more than 30+ Framework Agreements, Master Service Agreements and Contracts operational within the group, close to 50% of turnover are managed under these agreements.

New clients have been added in target sectors: renewables, public authority, COMAH sites, construction, and beverage sector(s) leveraging the companies’ geographic proximity to Scotland’s beverage industry and safety mandated COMAH sites throughout the United Kingdom. Another key growth initiative has been introducing the company’s expertise and proprietary knowledge and HVAC & Refrigeration product lines to onshore clients in both construction and beverage sector(s), this has been notably successful and is gaining momentum, this offers significant potential for sales and growth without the requirement for major capital investment(s).

New and emerging U.K. legislation (fire & safety, fire sprinklers, fire prevention, landfill regulation) will also tend to benefit the company as our products and services focus on safety, security, and risk mitigation. Risks are becoming ~~more difficult to predict on historical basis as we enter new norms for the planet – an abundance of caution~~ are required to mitigate new risks; we are well placed to offer engineering solutions to discerning clients.

Principal risks and uncertainties
Risk management

Company senior management meet regularly to discuss and review the business at Senior Management level. With respect to Risk Management this is monitored on continual basis with formal assessment using well developed analytical tool(s) SWOT & PEST to analyse downside risks and upside opportunities, these are updated and reviewed normally on six monthly frequencies. Meeting agenda: include Business Development, Health, Safety, Quality, Security, Environment, Finance and Cash, with special focus on operational issues in each of the business lines.

Risk management meeting(s) are convened by the HSEQ manager. Senior management personnel are present at the meeting. Potential risk(s) affecting the company are quantified, mitigation actions / strategies and tactics developed and recorded in action register. The actions will be implemented on needs basis.

Market risk

The main market for HVAC products and services is presently oil and gas and more broadly the energy sector. More recently the energy sector is seeing upsurge in activity as result of macroeconomic factors. Recent volatility in prices is not expected to have a negative effect on the company’s ability to secure new work as this is market phenomena and are not company specific and affect our competition in comparable manner.

Inflation – Cost of living

Inflationary factors in the macro economy are combining to increase prices, primary inflationary drivers are employee wage price inflation and cost of raw materials. The company is vigilant to these pressures and has ensured that Request for Quotation (RFQ) to clients have a short-term validity before requoting is required. Fixed price contracts contain validity time limits and escalation clauses to offset employee wage and raw material price rises are reviewed on monthly basis (minimum frequency) using cost centre analysis. All RFQ’s include latest raw material and labour costs, clients’ quotes are offered on short-term validity basis / subject to inflationary pressures and are also dependent on Delegation of Authority (DOA) administered by Senior Management on strict basis.

HSEQ & Sustainability

Company operates in safety critical and potentially hazardous environments and locations; the company has and maintains all necessary safety and industry related accreditations to perform on compliant basis. A specialist HSEQ contractor is employed to ensure the company is advised of the latest changes in legislation. Within the manufacturing workshop a manager holds ‘Toolbox briefings’ as normal daily practice to identify any risk prior to commencing a project activity.

The company has an internal target to achieve Carbon Neutral status during 2024 calendar year, the key tactics are purchase of energy from renewable sources, investment in electric vehicle(s) and other measures to reduce our carbon footprint with supporting external emission reduction projects to achieve carbon neutrality.

Cyber Security

With more data shared, stored, and accessed online and in the cloud, we have undertaken cyber security processes to mitigate the risks. The company has latest generation New Gen Firewall, E-mail filtering through premier products for filtering out phishing attacks and malware from incoming emails. Anti-virus and hacking attempts are prevented through our End Point protection and Response solution, Sentinel One, which includes a SPOC response, behaviour monitoring, script detection, AI for monitoring interactivity and preventing lateral movement across the network. Full back-up and disaster recovery processes are in place that back up locally and to the cloud and protected from encryption (Datto) with self-testing of backups.

We have a third-party IT Service Provider; they are themselves an accredited auditor of Cyber Essentials Plus and IASME Gold they apply these standards to the design and management of the network and infrastructure. We have recently engaged on a further CYBER SECURITY Review (December 2023) and these recommendations will be reviewed and implemented as appropriate during the latter half of 2024 fiscal year.

Development and performance
The company has benefited in the year to 31 May 23 from the more stable trading conditions post the loss-making contract for Russian Federation committed to by prior management and the Covid-19 pandemic. During the period, the company made a number of some key decisions to right size the cost base. Post restructure and year end the business has recruited industry and technical professionals and has started to implement a growth strategy led by professional, growth minded individuals, all considered subject matter experts with extensive relevant experience.

Supplier partnerships, important new strategic supplier / distributor relationships have been negotiated and signed with world and market leading companies for supply of Fire Safety and Security and HVAC product lines. These new supplier and distributor partnerships will assist in penetrating new markets and geographies, whilst guaranteeing equipment supply at favourable prices and faster lead times to market than our competition and peers.

The energy sector (oil & gas and petrochemical) remains a stable and important market for the company's products and services and one we intend to maintain, service and be competitive in maintaining our position as a reliable and consistent performer. Diversification into new sectors onshore where hazardous materials and processes are located at Control of Major Accident Hazards sites (COMAH) provides significant scope for our services, the U.K has 950 COMAH sites located onshore across the United Kingdom, many of these COMAH sites are located geographically close to the group enhancing our operational effectiveness and speed of response which is critical factor in meeting the clients SLA (service level agreement(s)).

Management is focussed on 'cradle-to-grave' approach whereby we provide engineering solution(s), products and complete service and maintenance offering throughout the entire client ownership cycle, this encourages client continuity and touchpoint over longer period and tends to result in revenue continuity. Contractually, we are using 'Framework Agreement(s)' with major clients with 3-5 years as typical contractual period, these now represent meaningful part of company sales with resultant improvements in revenue visibility and stability for the company. Framework Agreement(s) have been implemented with new and existing clients for U.K., International clients, new territories under Framework Agreement include Guyana, the new oil & gas frontier in South America being developed by ExxonMobil and Chevron. Nucore Guyana Inc. was established in December 2022 to act as local supplier for local content reasons for the fast-growing oil & gas sector and has registered office in Georgetown, Guyana.
Guyana is now producing and exporting more than 380,000 barrels per day and are forecast to be an important oil & gas producer for many decades to come.

For Australasia, we have entered Distributor / Reseller arrangement for Australia, New Zealand, and Singapore. New HVAC & Refrigeration products with IECEx rating have been designed, developed, and manufactured to meet stringent territorial certification requirements. Australasia exports commenced during the summer of 2023, target sectors include mining and commodities, energy, and hydrogen production. These IECEx rated products also have applicability to other regions across the globe including South America and other regions.

Budgeted revenues for the year ahead are forecast to be over £18m, with strong order book and full year effect of M&M Electrical Services. The directors are confident revenue will be achieved. The company has also been successful in winning specialist engineering overseas work, notably the Middle East, which will help the group to meet the higher end of the margin target range.

Risks and Opportunities to improve upside and mitigate downside risk are reviewed on regular basis to create the best possible chance at achieving and bettering targets, Senior Management adopt disciplined approach to optimising R&O.

Forecasts for 2023/24 and 2024/25 predict revenue increases close to 10% year on year based on continued market recovery and progress in new sectors, a strengthening energy sector and new and existing client Framework Agreement(s) that have been during past 18-24 months.

Key performance indicators

The company utilises a number of key performance indicators (KPIs). The main KPIs used by management are as follows:

- Gross Margin %
- EBITDA
- Turnover by division

	FY23	FY22
	£	£
Revenue	16,270,644	14,887,342
Gross profit %	25.86%	22.70%
EBITDA	(1,859,872)	(1,201,416)
Profit/(loss) before tax	8,565,979	(3,278,576)
Net current liabilities	(2,169,396)	(493,626)
Net assets/(liabilities)	4,393,891	(4,172,088)

On behalf of the board

Michael Bryant
Director
20 December 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023

The directors present their report and audited financial statements for the year ended 31 May 2023.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Russell Ward
Michael Bryant

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit, currency and liquidity risks.

Liquidity risk

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future developments, the group monitors the timing of cash flows and aligns this with its strategic planning. The group's primary sources of finance are the operating cash flows it generates and its short, medium and long term bank and investment funding.

Foreign currency risk

The company’s principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts not for speculative purposes.

Credit risk

The company's principal financial assets are bank balances and cash, and trade receivables. Credit risk is primarily attributable to its trade and intercompany receivables and is managed through maintaining good customer and counterparty relationships and the monitoring of credit levels and settlement periods. The amounts presented in the Balance sheet are net of allowances for doubtful debts.

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Development and performance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of information on the future developments in the business of the company.

Statement of disclosure to auditor

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

On behalf of the board

Michael Bryant
Director
20 December 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NUCORE GROUP LTD.

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1.3 to the financial statements, which contains further narrative related to the going concern of the company.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, as set out in the Directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

In identifying and assessing the risk of material misstatement due to non-compliance with laws and regulations we have:

- Ensured that the engagement team had the appropriate competence, capabilities and skills to identify or recognise non-compliance with laws and regulations;
- Identified the laws and regulations applicable to the entity through discussions with directors and management and through our own knowledge of the sector;
- Focused on the specific laws and regulations we consider may have a direct effect on the financial statements, including FRS 102, the Companies Act 2006 and tax compliance regulations;
- Focused on the specific laws and regulations we consider may have an indirect effect on the financial statements that are central to the entity's ability to trade including those relating to health and safety, employment law and imports and exports;
- Reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations;
- Made enquiries of management and inspected legal correspondence;
- Reviewed minutes of meetings of those charged with governance; and
- Ensured the engagement team remained alert to instances of non-compliance throughout the audit.

In identifying and assessing the risk of material misstatement due to irregularities, including fraud and how it may occur, and the potential for management bias and the override of controls we have:

- Obtained an understanding of the entity’s operations, including the nature of its revenue sources and of its objectives and strategies, to understand the classes of transactions, account balances, expected financial disclosures and business risks that may result in risk of material misstatement;
- Obtained an understanding of the internal controls in place to mitigate risks of irregularities, including fraud;
- Vouched balances and reconciling items in key control account reconciliations to supporting documentation;
- Carried out detailed testing, on a sample basis, to verify the completeness, occurrence, existence and accuracy of transactions and balances;
- Carried out detailed testing to verify the completeness, validity, existence and accuracy of income including cut-off testing and ensuring income recognition is in line with stated accounting policies;
- Made enquiries of management as to where they consider there was a susceptibility to fraud, and their knowledge of any actual, suspected or alleged fraud;
- Tested journal entries to identify any unusual transactions;
- Performed analytical procedures to identify any significant or unusual transactions;
- Investigated the business rationale behind any significant or unusual transactions; and
- Evaluated the appropriateness of accounting policies and the reasonableness of accounting estimates.

We did not identify any matters relating to non-compliance with laws and regulations, or relating to fraud.

Because of the inherent limitations of an audit, there is an unavoidable 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 of not detecting a material misstatement due to fraud is inherently more difficult than detecting those that result from error as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. In addition, the further removed any non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: http://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.

Derek Petrie MA (Hons) CA
Senior Statutory Auditor
For and on behalf of Hall Morrice LLP
Statutory Auditor
Aberdeen
20 December 2023

NUCORE GROUP LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	Period from 02.06.21 to 31.05.22 £
Turnover	3	**16,270,644**	14,887,342
Cost of sales		**(12,062,397)**	(11,500,611)
Gross profit		**4,208,247**	3,386,731
Administrative expenses		**(6,878,327)**	(5,469,335)
Operating profit/(loss)	4	**(2,670,080)**	(2,082,604)
Interest payable and similar expenses	8	**(1,504,531)**	(1,195,972)
Exceptional items	9	**12,740,590**	-
Profit/(loss) before taxation		**8,565,979**	(3,278,576)
Tax on profit/(loss)	10	**-**	309,418
Profit/(loss) for the financial year		**8,565,979**	(2,969,158)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

NUCORE GROUP LTD.

BALANCE SHEET
AS AT 31 MAY 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Goodwill	**11**		**6,202,382**		6,857,663
Other intangible assets	**11**		**52,758**		61,928
Total intangible assets			**6,255,140**		6,919,591
Tangible assets	**12**		**253,291**		361,190
Investments	**13**		**286,333**		286,333
			6,794,764		7,567,114
Current assets					
Stocks	**15**	**618,720**		747,055	
Debtors	**16**	**3,576,013**		4,373,710	
Cash at bank and in hand		**678,610**		473,948	
		4,873,343		5,594,713	
Creditors: amounts falling due within one year	**17**	**(7,042,739)**		(6,088,339)	
Net current liabilities			**(2,169,396)**		(493,626)
Total assets less current liabilities			**4,625,368**		7,073,488
Creditors: amounts falling due after more than one year	**18**		**(231,477)**		(11,245,576)
Net assets/(liabilities)			**4,393,891**		(4,172,088)
Capital and reserves					
Called up share capital	**22**		**1,573,100**		1,573,100
Profit and loss reserves	**23**		**2,820,791**		(5,745,188)
Total equity			**4,393,891**		(4,172,088)

The financial statements were approved by the board of directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

Michael Bryant
Director

Company Registration No. SC450189

NUCORE GROUP LTD.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 2 June 2021	1,573,100	(2,776,030)	(1,202,930)
Period ended 31 May 2022:			
Loss and total comprehensive income for the period	-	(2,969,158)	(2,969,158)
Balance at 31 May 2022	1,573,100	(5,745,188)	(4,172,088)
Year ended 31 May 2023:			
Profit and total comprehensive income for the year	-	8,565,979	8,565,979
Balance at 31 May 2023	1,573,100	2,820,791	4,393,891

1 Accounting policies

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention.The principal accounting policies adopted are set out below.

FRS 102 reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the ultimate parent of the group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit and loss of the group. The company's ultimate parent company during the period was Nucore Group Holdings Limited and the company has taken advantage of the following disclosure exemptions under FRS 102.

- from preparing a Statement of cash flows under the requirements of FRS 102 Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- from the financial instrument disclosures, required under FRS 102 Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- not to disclose details of transactions and balances with other members of the group.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

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

1 Accounting policies (continued)

1.3 Going concern

These financial statements have been prepared on the going concern basis, as the directors are confident with the assumption that the company will continue in operational existence for a minimum period of 12 months from the date of signing the audited financial statements. This is despite the company having an overdue PAYE/NIC liability of £1,953k (2022 - £1,638k) as a result of payments not made to HMRC when due. The overdue PAYE/NIC liability is correctly accounted for in the 2023 accounts. At the date of signing the company was due to HMRC £770k. The company is attempting to set up a Time to Pay agreement that is acceptable to HMRC to allow the company to repay the arrears over a reasonable period of time. At date of signing the audited financial statements the company is continuing its dialogue with HMRC to reach a mutual agreement. Should HMRC refuse a Time to Pay agreement and demand the immediate settlement of all taxes it would result in the company being unable to repay all debts when due and therefore it would no longer be a going concern. The directors are confident however that they will be able to negotiate a Time to Pay agreement with HMRC.

The going concern assumption for the company is also based upon other factors. In May 2023 the company successfully undertook a financial restructuring exercise to reduce the level of debt and recapitalise the business. It also obtained term loan and invoice discounting facilities with a new debt funder in order to support the company's working capital requirements. The company has not breached its debt funding covenants and the company looks to continue to be able to satisfy the covenants for a period of no less than a 12 months from the signing of the financial statements based on the internal forecasts prepared by management.

The going concern assumption is also based upon the review of the management accounts for 2023/24, and forecasts for 2024/25. These show improved trading, and improvements in profitability as a result of a reduction in costs across the business, meaning they should have sufficient cash available to repay the PAYE/NIC and VAT liability, over a reasonable period of time. These forecasts have been reviewed and appear reasonable and achievable, given that the company currently has a healthy order book for 2024/25.

The shareholders of the company were asked to provide letters of support claiming that they would provide financial assistance, if required, in order to support the assumption by the directors that the company is a going concern. However, at the date of signing the audited financial statements no letters of support have been provided.

1.4 Turnover

Turnover represents amounts receivable for provision of goods and services, and recharged costs, net of VAT and trade discounts.

Revenue is recognised as services are provided and costs are incurred.

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

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

1 Accounting policies (continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least 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.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software development	33% straight line
Development costs	10% straight line

1.7 Tangible fixed assets

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

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

Leasehold improvements	duration of lease, 20% to 33% straight line
Plant and equipment	20% to 33% straight line
Fixtures, fittings and equipment	20% to 33% straight line
Motor vehicles	33% straight line

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

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1 Accounting policies (continued)

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

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

1.9 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.10 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Amounts recoverable on long term contracts, which are included in stocks, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

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

1 Accounting policies (continued)

1.13 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

1 Accounting policies (continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

1 Accounting policies (continued)

Deferred tax

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

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

1.16 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

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

1.19 Leases

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

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

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

1 Accounting policies (continued)

1.20 Foreign exchange

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

1.21 Exceptional items

Exceptional items are credited or charged to profit or loss in the period in which they are incurred and disclosed separately to highlight that they are not within the normal course of business.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value and recoverability of investments

At each reporting date, management are required to consider the carrying value of the company's investments. Management have made an assessment of recoverable value, based on forecast earnings.

Going concern assumption

The going concern assumption is a judgement exercised by management (see note 1.3).

Long term contracts

Management assess the stage of completion for each long term contract monthly in order to allocate an appropriate level of revenue within each given period. The estimate is calculated by comparing costs incurred as a proportion of total budgeted costs. Total budgeted costs are calculated by individuals with relevant experience to enable them to estimate such values and are reviewed against actual costs incurred on a regular basis.

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

3 Turnover and other revenue

	2023	Period from 02.06.21 to 31.05.22
	£	£
Turnover analysed by class of business		
Management income	-	151,276
Sales	16,087,634	14,553,976
Expenses recharged	183,010	182,090
	16,270,644	14,887,342

	2023	Period from 02.06.21 to 31.05.22
Turnover analysed by geographical market		
UK	12,071,557	11,611,326
Europe	872,248	1,340,026
Rest of World	3,326,839	1,935,990
	16,270,644	14,887,342

4 Operating profit/(loss)

	2023	2022
Operating profit/(loss) for the year is stated after charging:	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	74,077	8,729
Depreciation of owned tangible fixed assets	86,943	105,580
Depreciation of tangible fixed assets held under finance leases	41,650	54,587
Loss on disposal of tangible fixed assets	10,264	52,721
Amortisation of intangible assets	671,351	668,300
Operating lease charges	332,716	329,689

5 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	47,149	26,274

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'Other services' as this information is included in the consolidated financial statements of Nucore Group Holdings Limited.

6 Employees

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

	2023 Number	Period from 02.06.21 to 31.05.22 Number
Directors	2	3
Administration	38	39
Direct	94	90
Total	134	132

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	6,910,741	5,863,035
Social security costs	734,713	691,795
Pension costs	201,344	130,572
	7,846,798	6,685,402

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	263,163	276,633
Company pension contributions to defined contribution schemes	3,000	-
	266,163	276,633

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 0).

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

	2023 £	2022 £
Remuneration for qualifying services	200,338	175,000
Company pension contributions to defined contribution schemes	3,000	-

8 Interest payable and similar expenses

	2023 £	Period from 02.06.21 to 31.05.22 £
Interest on bank overdrafts and loans	1,402,395	1,108,813
Other interest on financial liabilities	33,115	34,127
Interest on finance leases and hire purchase contracts	11,489	14,943
Other interest	57,532	38,089
	1,504,531	1,195,972

9 Exceptional Items

	2023 £	2022 £
Income		
Loans Forgiven	12,740,590	-

Exceptional items in the current year relate to the forgiveness of loan notes following restructuring.

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	-	(309,418)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2023 (on 10 January 2023). These changes included an increase in the main rate to 25% from April 2023. Deferred taxes at the balance sheet date, in relation to UK companies, are measured using tax rates enacted as at the balance sheet date (25%).

10 Taxation (continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit/(loss) before taxation	8,565,979	(3,278,576)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20% (2022: 19%)	1,713,196	(622,929)
Tax effect of expenses that are not deductible in determining taxable profit	119,848	3,075
Tax effect of income not taxable in determining taxable profit	(2,548,467)	-
Change in unrecognised deferred tax assets	733,414	727,572
Research and development tax credit	-	(309,418)
Deferred tax adjustments in respect of prior years	(146,603)	(153,791)
Fixed asset differences	128,612	46,073
Taxation charge/(credit) for the year	-	(309,418)

11 Intangible fixed assets

	Goodwill	Software development	Development costs	Total
	£	£	£	£
Cost				
At 1 June 2022	7,512,948	21,086	53,351	7,587,385
Additions	-	6,900	-	6,900
At 31 May 2023	7,512,948	27,986	53,351	7,594,285
Amortisation and impairment				
At 1 June 2022	655,285	4,392	8,117	667,794
Amortisation charged for the year	655,281	7,966	8,104	671,351
At 31 May 2023	1,310,566	12,358	16,221	1,339,145
Carrying amount				
At 31 May 2023	6,202,382	15,628	37,130	6,255,140
At 31 May 2022	6,857,663	16,694	45,234	6,919,591

12 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2022	24,025	338,816	67,648	82,581	513,070
Additions	-	24,113	22,340	49,650	96,103
Disposals	-	(32,655)	-	(49,650)	(82,305)
At 31 May 2023	24,025	330,274	89,988	82,581	526,868
Depreciation and impairment					
At 1 June 2022	10,519	61,199	34,722	45,440	151,880
Depreciation charged in the year	8,129	68,115	19,804	32,545	128,593
Eliminated in respect of disposals	-	-	-	(6,896)	(6,896)
At 31 May 2023	18,648	129,314	54,526	71,089	273,577
Carrying amount					
At 31 May 2023	5,377	200,960	35,462	11,492	253,291
At 31 May 2022	13,506	277,617	32,926	37,141	361,190

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023	2022
	£	£
Plant and equipment	50,911	100,078
Motor vehicles	11,195	36,333
	62,106	136,411

13 Fixed asset investments

	Notes	2023	2022
		£	£
Investments in subsidiaries	14	286,333	286,333

13 Fixed asset investments (continued)

Movements in fixed asset investments

	Shares in subsidiaries £
Cost	
At 1 June 2022 & 31 May 2023	24,842,701
Impairment	
At 1 June 2022 & 31 May 2023	24,556,368
Carrying amount	
At 31 May 2023	286,333
At 31 May 2022	286,333

14 Subsidiaries

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

Name of undertaking	Registered office	Class of shares held	% Held Direct
HVAC & Refrigeration Engineering Limited	Scotland	Ordinary £1	100.00
Oteac Limited	Scotland	Ordinary £1	100.00

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

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
HVAC & Refrigeration Engineering Limited	151,336	-
Oteac Limited	135,000	-

15 Stocks

	2023 £	2022 £
Work in progress	454,240	628,982
Finished goods and goods for resale	164,480	118,073
	618,720	747,055

16 Debtors

Amounts falling due within one year:	2023 £	2022 £
Trade debtors	2,125,526	2,330,061
Corporation tax recoverable	-	309,418
Other debtors	657,031	980,715
Prepayments and accrued income	793,456	753,516
	3,576,013	4,373,710

17 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	19	621,278	375,000
Obligations under finance leases	20	46,656	69,213
Other borrowings	19	-	300,000
Trade creditors		2,433,186	1,966,530
Amounts owed to group undertakings		346,632	423,123
Taxation and social security		1,830,400	1,809,531
Other creditors		121,694	57,222
Accruals and deferred income		1,642,893	1,087,720
		7,042,739	6,088,339

18 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans	19	200,000	1,925,000
Obligations under finance leases	20	31,477	108,795
Other borrowings	19	-	9,211,781
		231,477	11,245,576

A cross guarantee agreement is in place between Nucore Group Holdings Limited, Nucore Group Ltd, HVAC & Refrigeration Engineering Limited and Oteac Limited.

Floating charge and negative pledge in favour of the bank.

During the year the company refinanced resulting in the closing of numerous loans both to RBS and to shareholders. The refinancing resulted in the forgiveness of loan notes amounting to £12,740,590. Some of these loans were converted to share capital in Nucore Group Holdings Limited the parent company of Nucore Group Ltd.

The new bank loan from IGF Business Credit is repayable in monthly instalments starting from June 2023 running for 3 years with a marginal interest rate of 5.95%.

19 Loans and overdrafts

	2023	2022
	£	£
Bank loans	821,278	2,300,000
Other loans	-	9,511,781
	821,278	11,811,781
Payable within one year	621,278	675,000
Payable after one year	200,000	11,136,781

20 Finance lease obligations

	2023	2022
Future minimum lease payments due under finance leases:	£	£
Within one year	54,946	85,720
In two to five years	39,214	120,390
	94,160	206,110
Less: future finance charges	(16,027)	(28,102)
	78,133	178,008

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

21 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	201,344	130,572

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

22 Share capital

	2023	2022	2023	2022
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	1,573,100	1,573,100	1,573,100	1,573,100

23 Profit and loss reserves

The profit and loss account represents cumulative profit and losses net of dividends and other adjustments.

24 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	384,568	353,129
Between two and five years	1,357,756	1,342,331
In over five years	2,829,719	3,150,262
	4,572,043	4,845,722

The amount of lease payments recognised as an expense in the year was £332,716 (2022 - £329,689).

25 Related party transactions

During 2015, loan notes of £400,000 were received from key management personnel of the company. The loan notes are subject to a fixed interest rate of 6% and are repayable in December 2023. During the year, interest of £33,115 (2022 - £34,127) was charged. During the year loan notes to the amount of £636,020 (2022 - £Nil) were forgiven. At the year end, amounts due to key management personnel were £Nil (2022 - £602,905).

The company has taken advantage of the exemption available in Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more wholly owned members of a group.

26 Ultimate controlling party

The immediate parent company is Nucore Group Holdings Limited which is registered in Scotland.

The largest group in which the financial results of the company are consolidated is that headed by Nucore Group Holdings Limited. No other financial statements include the results of the company. The consolidated accounts for Nucore Group Holdings Limited are available to the public and a copy may be obtained from Unit 4C, The Core, Berryhill Crescent, Bridge of Don, Aberdeen, AB23 8AN.

27 Company information

Nucore Group Ltd. is a private company limited by shares incorporated in Scotland. The registered office is Unit 4C, The Core, Berryhill Crescent, Bridge of Don, Aberdeen, AB23 8AN.