

Company Registration No. 05045144 (England and Wales)

ARAN SERVICES LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
PAGES FOR FILING WITH REGISTRAR

ARAN SERVICES LTD

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ARAN SERVICES LTD**BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	4		-		431,144
Current assets					
Debtors	5	1,667,515		3,605,308	
Cash at bank and in hand		133,895		228,958	
		<u>1,801,410</u>		<u>3,834,266</u>	
Creditors: amounts falling due within one year	6	<u>(1,654,631)</u>		<u>(3,813,812)</u>	
Net current assets			146,779		20,454
Total assets less current liabilities			<u>146,779</u>		<u>451,598</u>
Creditors: amounts falling due after more than one year	7		-		(159,780)
Provisions for liabilities			-		(67,000)
Net assets			<u>146,779</u>		<u>224,818</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			146,679		224,718
Total equity			<u>146,779</u>		<u>224,818</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23 December 2021 and are signed on its behalf by:

Mr M D Randall
Director

Company Registration No. 05045144

ARAN SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Aran Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1-6 The Old Station, Higham, Bury St Edmunds, Suffolk, IP28 6NE. The company's registered number is 05045144.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Aran Group Holdings Limited. These consolidated financial statements are available from its registered office, 1-6 The Old Station, Higham, Bury St Edmunds, IP28 6NE.

1.2 Going concern

These financial statements are not prepared on the going concern basis. The directors have no reasonable expectation that the company will continue in operational existence for the foreseeable future. This is due to the fact that the directors assess the circumstances to be such that there remains no realistic alternative but to cease trading. The company has adequate assets to pay its liabilities outstanding at the year end date.

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****1 Accounting policies****(Continued)****1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

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

Revenue from rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. Where the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

1.4 Tangible fixed assets

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

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

Leasehold land and buildings	20% straight line
Plant and equipment	20% - 25% straight line
Fixtures and fittings	20% - 33% straight line
Motor vehicles	25% - 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.

1.5 Impairment of fixed assets

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

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

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

ARAN SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies **(Continued)**

1.6 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.

1.7 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.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.8 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.

1.9 Taxation

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

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies**(Continued)****Current tax**

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

Deferred tax

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

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1.11 Retirement benefits

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

1.12 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.

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****1 Accounting policies (Continued)****1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the 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.

The key accounting estimate in the financial statements pertains to the bad debt provision.

3 Employees

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

	2021	2020
	Number	Number
Total	9	23
	<u> </u>	<u> </u>

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****4 Tangible fixed assets**

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2020	96,364	1,087,403	1,183,767
Disposals	-	(1,087,403)	(1,087,403)
At 31 March 2021	96,364	-	96,364
Depreciation and impairment			
At 1 April 2020	86,966	665,657	752,623
Depreciation charged in the year	9,398	50,076	59,474
Eliminated in respect of disposals	-	(715,733)	(715,733)
At 31 March 2021	96,364	-	96,364
Carrying amount			
At 31 March 2021	-	-	-
At 31 March 2020	9,398	421,746	431,144

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,431,527	2,070,256
Corporation tax recoverable	-	8,939
Amounts owed by group undertakings	139,620	46,100
Other debtors	91,368	1,480,013
	1,662,515	3,605,308
Amounts falling due after more than one year:		
Deferred tax asset	5,000	-
Total debtors	1,667,515	3,605,308

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****6 Creditors: amounts falling due within one year**

	2021	2020
	£	£
Trade creditors	544,655	1,300,281
Amounts owed to group undertakings	294,505	1,077,963
Corporation tax	83,061	-
Other taxation and social security	-	30,327
Other creditors	732,410	1,405,241
	<u>1,654,631</u>	<u>3,813,812</u>

Included in Other Creditors is £330,287 (2020: £998,217) which is secured by way of a fixed and floating charge over the assets of the company. There is also a Cross Guarantee and Debenture in place between the company, 2 fellow group subsidiaries, the immediate parent company and the ultimate parent company, in respect of this amount.

Also in Other Creditors, is balance above of £303,333 (2020: £Nil) which is secured by way of a fixed and floating charge over the assets of the company. The company is jointly liable to repay this loan along with two fellow group subsidiaries whilst the immediate and ultimate parent companies are guarantors for the loan. There is also a Cross Guarantee and Debenture in place between the company, a fellow group subsidiary, a related company, the immediate parent company and the ultimate parent company, in respect of this amount.

At the year end, the company cross-guaranteed a total amount of £159,867 (2020: £63,980) in respect of other group companies. This amount is not included in the company's balance sheet.

7 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Other creditors	-	159,780
	<u>-</u>	<u>159,780</u>

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to the Going Concern Accounting Policy which explains that the directors assess there to be no realistic alternative but to cease trading and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in the Going Concern Accounting Policy.

Our opinion is not modified in respect of this matter.

The senior statutory auditor was Christopher Barrett and the auditor was Ensors Accountants LLP.

ARAN SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****9 Financial commitments, guarantees and contingent liabilities****Contingent liabilities**

The company is one of a number of industry related companies that are currently defending claims against alleged sub-standard installation of cavity wall insulation, leading to damp ingress, the installations being undertaken pre 2018. The company is not aware that any of these alleged instances have been substantiated and is, in conjunction with its insurance partners, defending all such claims vigorously. It is currently impracticable to estimate the financial effect of the ongoing claims as management are not aware of any cases that have gone to trial.

10 Operating lease commitments**Lessee**

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

2021	2020
£	£
206,933	268,250
<u>206,933</u>	<u>268,250</u>

Since the year end the company has paid off all commitments except one agreement which the directors intend to novate to a fellow group company.

11 Parent company

The immediate parent company is considered to be Aran Energy Holdings Limited, a company registered in England and Wales.

The ultimate parent company is considered to be Aran Group Holdings Limited, a company also registered in England and Wales. Aran Group Holdings Limited is the parent of both the smallest and largest group preparing group accounts which include the results of Aran Services Limited. Copies of the Aran Group Holdings Limited group financial statements are available from the Registrar of Companies, Companies House, Crown Way, Cardiff.

