

REGISTERED NUMBER: 06252002 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022
FOR
1ST INRAIL LIMITED**

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FOR THE YEAR ENDED 30 NOVEMBER 2022**

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1ST INRAIL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2022**

DIRECTORS:

S D Jackson
A Maye
J A Hecley
R Stevenson
A A Ryder
A S Draper
C Knighton
E Taylor

SECRETARY:

S Evans

REGISTERED OFFICE:

Spring Lodge
172 Chester Road
Helsby
Cheshire
WA6 0AR

BUSINESS ADDRESS:

1D North Crescent
Cody Road
London
E16 4TG

REGISTERED NUMBER:

06252002 (England and Wales)

AUDITORS:

Hollis and Co Limited
Chartered Accountants
Statutory Auditor
35 Wilkinson Street
Sheffield
South Yorkshire
S10 2GB

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

The directors present their strategic report for the year ended 30 November 2022.

REVIEW OF BUSINESS

The company has reported turnover of £24.62m (2021: £19.49m) and post-tax profits of £1.76m (2021: £1.48m). The company has total shareholder funds of £5.57m as of 30th November 2022 (30th November 2021: £5.00m).

During year ending 30th November 2022 we were able to maintain our overall operational performance meeting all our business objectives and exceeding our forecasted revenues and profits.

PRINCIPAL RISKS AND UNCERTAINTIES

As with the economy in general, the railway industry is now in a period of uncertainty, caused by:

A general reduction of expenditure by Network Rail on their overall works at present, as they manage the significant costs incurred as a result of recent strikes by Network Rail personnel, by reducing expenditure where possible from their 23/24 budget.

The end of the current control period (CP6) ending in March 24, leading to a tapering off in workload to the Tier 1 contractors and their sub-contract supply chain (which we are part of), then a lag time between commencement of the new control period (CP7), to the start of works for the successful Tier 1 contractors.

The increasing costs of borrowing which will have an effect on both the confidence and budgeting of businesses and may therefore lead to suspension and delays to planned investment strategies or reductions in budgets by some of our non-Network Rail clients.

Our policy of continually monitoring forward workload and assessing against required overhead costs and therefore implementing changes as required, has and continues to ensure profitability, which minimises uncertainty and underpins a sustainable business.

KEY PERFORMANCE INDICATORS

The directors consider EBITDA as the principle KPI used to measure overall company performance achieving £2.234m in 2022. The comparative figure from 2021 was £1.87m.

Other company key financial performance indicators during the period are as follows:

	2022	2021	2020
Gross Profit as a percentage of turnover	19%	19%	23%
Operating profit as a percentage of turnover	9%	9%	14%

ENVIRONMENTAL MATTERS

The company is committed to meeting its environmental responsibilities and improving its performance in this key area. Operations are carried out in a manner that manages the companies' impact on the environment.

Where possible, the company seeks to enhance the environment, prevent pollution, reduce waste, improve recycling opportunities, and protect wildlife. The company has implemented site waste management plans to monitor waste and to promote recycling, together with introducing other initiatives to reduce our carbon footprint.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

The company is fully aware of its environmental, social, and economic responsibilities to its employees and shareholders as well as its customers, suppliers and the wider public. We have adopted a sustainable development charter that meets the needs of the present, through a combination of social and economic responsibility and environmental protection, without compromising the ability of future generations to meet their own needs.

We believe that good corporate governance results from sound processes that ensure that our Directors are well supported by accurate and timely information, sufficient time and resources and unrestricted access to management.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

THE FUTURE

In May 2023, the Company's entire share capital was sold to RSK Environment Limited with 1st Inrail becoming part of RSK's Technical Services division. The shareholders felt RSK Group to be a good fit, adding to its wider portfolio offering in the rail sector across its divisions - including trackside clearance, environmental surveys and impact assessments. This will provide the group with the opportunity to access more frameworks, and will strengthen its position to win additional contracts, with 1st Inrail having Personal Track Safety (PTS) trained staff and its own niche case study history. The existing management team remain in place and with the support and resources of a larger group are excited to introduce and enact their growth plans for the medium term focusing on sustainable income growth that delivers the profitability and quality to enhance the reputation of both the business and its new parent.

ON BEHALF OF THE BOARD:

S D Jackson - Director

29 August 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 30 November 2022.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of providing consultancy, project management and skilled personnel to the rail industry.

DIVIDENDS

In accordance with the shareholders agreement, the holders of the A ordinary shares are entitled to the first £450,000 of interim dividends declared and paid.

The directors recommend that no final dividends be paid.

The total distribution of interim dividends for the year ended 30 November 2022 is £80,000

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2021 to the date of this report.

S D Jackson
A Maye
J A Heeley

Other changes in directors holding office are as follows:

J M Kelly - resigned 4 March 2022
R Stevenson - appointed 5 March 2022

A A Ryder , A S Draper , C Knighton and E Taylor were appointed as directors after 30 November 2022 but prior to the date of this report.

B Hargreaves ceased to be a director after 30 November 2022 but prior to the date of this report.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

During the financial year and at the time the directors report is approved, a Qualifying Third Party Indemnity Provision for the benefit of the directors is in force.

DISCLOSURE IN THE STRATEGIC REPORT

Certain items required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports Regulations) 2008 to be disclosed in the directors' report are set out in the Strategic Report in accordance with Section 414C(11) Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

S D Jackson - Director

29 August 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 1ST INRAIL LIMITED

Opinion

We have audited the financial statements of 1st InRail Limited (the 'company') for the year ended 30 November 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2022 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 Auditors' 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.

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 1ST INRAIL LIMITED

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, 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 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.

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

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

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
1ST INRAIL LIMITED**

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 a Report of the Auditors 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.

Peter Hollis (Senior Statutory Auditor)
for and on behalf of Hollis and Co Limited
Chartered Accountants
Statutory Auditor
35 Wilkinson Street
Sheffield
South Yorkshire
S10 2GB

29 August 2023

**INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER	4	24,620,628	19,494,844
Cost of sales		<u>19,973,039</u>	<u>15,751,525</u>
GROSS PROFIT		4,647,589	3,743,319
Administrative expenses		<u>2,580,842</u>	<u>2,106,292</u>
		2,066,747	1,637,027
Other operating income	5	<u>143,951</u>	<u>209,708</u>
OPERATING PROFIT	7	2,210,698	1,846,735
Interest receivable and similar income		<u>2,848</u>	<u>819</u>
		2,213,546	1,847,554
Interest payable and similar expenses	8	<u>31,254</u>	<u>17,272</u>
PROFIT BEFORE TAXATION		2,182,292	1,830,282
Tax on profit	9	<u>421,413</u>	<u>355,207</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,760,879</u>	<u>1,475,075</u>

1ST INRAIL LIMITED (REGISTERED NUMBER: 06252002)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		1,760,879	1,475,075
OTHER COMPREHENSIVE INCOME			
Purchase of own shares		(1,110,000)	-
Cancellation of shares		25	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(1,109,975)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>650,904</u>	<u>1,475,075</u>

The notes form part of these financial statements

1ST INRAIL LIMITED (REGISTERED NUMBER: 06252002)**BALANCE SHEET
30 NOVEMBER 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	11		760,405		761,799
CURRENT ASSETS					
Stocks	12	439,398		145,735	
Debtors	13	5,551,980		3,815,359	
Cash at bank		<u>3,011,673</u>		<u>3,112,731</u>	
		9,003,051		7,073,825	
CREDITORS					
Amounts falling due within one year	14	<u>3,691,918</u>		<u>2,275,139</u>	
NET CURRENT ASSETS			<u>5,311,133</u>		<u>4,798,686</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,071,538		5,560,485
CREDITORS					
Amounts falling due after more than one year	15		(364,682)		(464,384)
PROVISIONS FOR LIABILITIES	19		<u>(134,670)</u>		<u>(94,794)</u>
NET ASSETS			<u>5,572,186</u>		<u>5,001,307</u>
CAPITAL AND RESERVES					
Called up share capital	20		150,075		150,100
Capital redemption reserve	21		25		-
Retained earnings	21		<u>5,422,086</u>		<u>4,851,207</u>
SHAREHOLDERS' FUNDS			<u>5,572,186</u>		<u>5,001,307</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 August 2023 and were signed on its behalf by:

S D Jackson - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 December 2020	150,100	3,556,132	-	3,706,232
Changes in equity				
Dividends	-	(180,000)	-	(180,000)
Total comprehensive income	-	1,475,075	-	1,475,075
Balance at 30 November 2021	<u>150,100</u>	<u>4,851,207</u>	-	<u>5,001,307</u>
Changes in equity				
Issue of share capital	(25)	-	-	(25)
Dividends	-	(80,000)	-	(80,000)
Total comprehensive income	-	650,879	25	650,904
Balance at 30 November 2022	<u>150,075</u>	<u>5,422,086</u>	<u>25</u>	<u>5,572,186</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	1,630,747	(169,444)
Interest paid		(31,254)	(17,272)
Tax paid		(396,511)	(690,770)
Net cash from operating activities		<u>1,202,982</u>	<u>(877,486)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,636)	(32,936)
Sale of tangible fixed assets		1,866	-
Interest received		2,848	819
Net cash from investing activities		<u>(14,922)</u>	<u>(32,117)</u>
Cash flows from financing activities			
Loan repayments in year		(99,118)	(57,198)
Purchase of own shares		(1,110,000)	-
Equity dividends paid		(80,000)	(180,000)
Net cash from financing activities		<u>(1,289,118)</u>	<u>(237,198)</u>
Decrease in cash and cash equivalents		<u>(101,058)</u>	<u>(1,146,801)</u>
Cash and cash equivalents at beginning of year	2	3,112,731	4,259,532
Cash and cash equivalents at end of year	2	<u>3,011,673</u>	<u>3,112,731</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	2,182,292	1,830,282
Depreciation charges	21,030	24,508
Profit on disposal of fixed assets	(1,866)	-
(Decrease)/Increase in other provisions	36,732	(15,000)
Finance costs	31,254	17,272
Finance income	(2,848)	(819)
	<u>2,266,594</u>	<u>1,856,243</u>
(Increase)/decrease in stocks	(293,663)	323,425
Increase in trade and other debtors	(1,736,621)	(834,859)
Increase/(decrease) in trade and other creditors	1,394,437	(1,514,253)
Cash generated from operations	<u><u>1,630,747</u></u>	<u><u>(169,444)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 November 2022

	30/11/22	1/12/21
	£	£
Cash and cash equivalents	<u>3,011,673</u>	<u>3,112,731</u>

Year ended 30 November 2021

	30/11/21	1/12/20
	£	£
Cash and cash equivalents	<u>3,112,731</u>	<u>4,259,532</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/12/21	Cash flow	At 30/11/22
	£	£	£
Net cash			
Cash at bank	<u>3,112,731</u>	<u>(101,058)</u>	<u>3,011,673</u>
	<u>3,112,731</u>	<u>(101,058)</u>	<u>3,011,673</u>
Debt			
Debts falling due within 1 year	(340,558)	(28,081)	(368,639)
Debts falling due after 1 year	<u>(464,384)</u>	<u>99,702</u>	<u>(364,682)</u>
	<u>(804,942)</u>	<u>71,621</u>	<u>(733,321)</u>
Total	<u><u>2,307,789</u></u>	<u><u>(29,437)</u></u>	<u><u>2,278,352</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

1. STATUTORY INFORMATION

1st InRail Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

These financial statements cover the entity as an individual company.

The figures in the financial statements are rounded to the nearest £.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

- Key sources of estimation uncertainty.

The Company believes that there are no areas of material estimation uncertainty which affect the financial statements.

- Critical accounting judgements in applying the Company's accounting policies.

The Company believes that the major judgements applied are:

- The use of the going concern principle which is based on the belief that the company will have adequate resources to continue in operational existence for the foreseeable future.

Turnover

Turnover represents net invoiced sales of goods, personnel and services together with measured work on long term contracts, after due allowance has been made for contractual payments that may become due to customers, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- Over period of lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Government grants

Government grants are accounted for using the accrual model.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022**

3. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

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

The company's loans receivable are recognised at the transaction price.

The company's bank and other loans payable are originally recognised at the transaction price.

Debt instruments which are financing transactions at a rate of interest that is not a market rate.

Where debt instruments are classified as assets due after more than one year or long term liabilities, then the company measures these at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Where debt instruments are classified as current assets or current liabilities, then there is no present value adjustment to the initial measurement based on amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit and loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

4. TURNOVER

Turnover is derived for the companies principle activities as noted in the directors report.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

5. OTHER OPERATING INCOME

	2022	2021
	£	£
Management and other cost recharges to associated companies	66,689	102,034
Other income	77,262	75,629
Government grants and furlough	-	32,045
	<u>143,951</u>	<u>209,708</u>

Other operating income includes £Nil (2022: £32,045) relating to grants and furlough payments received as a result of the COVID 19 pandemic. In accordance with the accounting policy, this credit is included in other income in the same period as the staff costs for which it compensates.

6. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,759,558	1,695,401
Social security costs	196,941	188,240
Other pension costs	256,806	90,963
	<u>2,213,305</u>	<u>1,974,604</u>

The average number of employees during the year was as follows:

	2022	2021
Administrative staff	13	15
Operations staff	36	18
Directors	4	5
	<u>53</u>	<u>38</u>

	2022	2021
	£	£
Directors' remuneration	465,542	485,871
Directors' pension contributions to money purchase schemes	<u>100,481</u>	<u>61,039</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	147,063	145,085
Pension contributions to money purchase schemes	<u>1,692</u>	<u>9,789</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	1,139,993	664,102
Depreciation - owned assets	21,030	24,508
Profit on disposal of fixed assets	(1,866)	-
Auditors' remuneration	17,000	15,000
Operating lease payments	<u>318,130</u>	<u>323,497</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Loan	<u>31,254</u>	<u>17,272</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	418,269	347,285
Deferred tax	<u>3,144</u>	<u>7,922</u>
Tax on profit	<u>421,413</u>	<u>355,207</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>2,182,292</u>	<u>1,830,282</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	414,635	347,754
Effects of:		
Expenses not deductible for tax purposes	4,127	5,192
Capital allowances in excess of depreciation	(493)	(5,661)
Deferred taxation charged /(credited) to P+L	<u>3,144</u>	<u>7,922</u>
Total tax charge	<u>421,413</u>	<u>355,207</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2022 Tax £	Net £
Purchase of own shares	(1,110,000)	-	(1,110,000)
Cancellation of shares	25	-	25
	<u>(1,109,975)</u>	<u>-</u>	<u>(1,109,975)</u>

10. DIVIDENDS

	2022 £	2021 £
A Ordinary shares of £1 each Interim	<u>80,000</u>	<u>180,000</u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 December 2021	770,868	109,172	121,399
Additions	-	-	8,156
Disposals	-	-	-
At 30 November 2022	<u>770,868</u>	<u>109,172</u>	<u>129,555</u>
DEPRECIATION			
At 1 December 2021	50,775	109,172	91,220
Charge for year	9,418	-	10,237
Eliminated on disposal	-	-	-
At 30 November 2022	<u>60,193</u>	<u>109,172</u>	<u>101,457</u>
NET BOOK VALUE			
At 30 November 2022	<u>710,675</u>	<u>-</u>	<u>28,098</u>
At 30 November 2021	<u>720,093</u>	<u>-</u>	<u>30,179</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

11. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 December 2021	3,315	21,850	35,007	1,061,611
Additions	-	-	11,480	19,636
Disposals	-	(13,000)	-	(13,000)
At 30 November 2022	<u>3,315</u>	<u>8,850</u>	<u>46,487</u>	<u>1,068,247</u>
DEPRECIATION				
At 1 December 2021	3,315	20,475	24,855	299,812
Charge for year	-	1,375	-	21,030
Eliminated on disposal	-	(13,000)	-	(13,000)
At 30 November 2022	<u>3,315</u>	<u>8,850</u>	<u>24,855</u>	<u>307,842</u>
NET BOOK VALUE				
At 30 November 2022	<u>-</u>	<u>-</u>	<u>21,632</u>	<u>760,405</u>
At 30 November 2021	<u>-</u>	<u>1,375</u>	<u>10,152</u>	<u>761,799</u>

All tangible fixed assets are pledged as security for the company's bank liabilities.

12. STOCKS

	2022 £	2021 £
Raw materials and consumables	246,654	41,126
Work-in-progress	<u>192,744</u>	<u>104,609</u>
	<u>439,398</u>	<u>145,735</u>

All stocks are pledged as security for the company's bank liabilities.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	2,702,178	1,723,826
Retentions due	100,342	35,794
Amounts recoverable on contract	2,293,564	1,597,624
Other debtors	161,500	172,355
Prepayments	<u>294,396</u>	<u>285,760</u>
	<u>5,551,980</u>	<u>3,815,359</u>

All debtors are pledged as security for the company's bank liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	100,183	99,599
Other loans (see note 16)	268,456	240,959
Trade creditors	1,753,103	994,489
Tax	189,116	167,358
Social security and other taxes	100,584	80,298
VAT	652,540	56,377
Other creditors	25,895	13,999
Payments on account	-	49,589
Directors' current accounts	-	873
Accrued expenses	602,041	571,598
	<u>3,691,918</u>	<u>2,275,139</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 16)	<u>364,682</u>	<u>464,384</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	100,183	99,599
Other loans	<u>268,456</u>	<u>240,959</u>
	<u>368,639</u>	<u>340,558</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>100,784</u>	<u>100,182</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>206,143</u>	<u>284,229</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>57,755</u>	<u>79,973</u>

The bank loans are being repaid by monthly instalments and are due to be fully repaid in April 2030 and July 2026 respectively. Interest is charged at a margin of 2.44% and 2.63% over the prevailing bank base rate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	346,042	284,520
Between one and five years	<u>335,936</u>	<u>228,533</u>
	<u>681,978</u>	<u>513,053</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	<u>464,865</u>	<u>563,983</u>

The company has provided security to its bankers in the form of an unlimited debenture incorporating a fixed and floating charge, together with a legal mortgage over the company's freehold property.

19. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>22,938</u>	<u>19,794</u>
Other provisions		
Remedial work provision	-	75,000
Losses on onerous contract	<u>111,732</u>	<u>-</u>
	<u>111,732</u>	<u>75,000</u>
Aggregate amounts	<u>134,670</u>	<u>94,794</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 December 2021	19,794	75,000
Provided during year	-	111,732
Charge to Income Statement during year	3,144	-
Unused amounts reversed during year	-	<u>(75,000)</u>
Balance at 30 November 2022	<u>22,938</u>	<u>111,732</u>

The amount of deferred tax charged to the income statement for the comparative year includes an amount of £3,749 which results from the use of the enacted 25% UK corporation tax rate that will be effective from 1 April 2023

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
75	A Ordinary	£1	50	75
25	B Ordinary	£1	25	25
150,000	Preference shares	£1	<u>150,000</u>	<u>150,000</u>
			<u>150,075</u>	<u>150,100</u>

Except as noted below, the A ordinary shares, B ordinary shares and Preference shares rank pari passu.

- The holders of the A ordinary shares have the right to receive the first £450,000 of dividend declared by the company.
- Any dividends declared in excess of £450,000 shall, subject to the execution of valid dividend waivers, be paid pro rata between the the holders of the A ordinary shares and B ordinary shares.
- The preference shares carry no rights to receive a dividend

21. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 December 2021	4,851,207	-	4,851,207
Profit for the year	1,760,879		1,760,879
Dividends	(80,000)		(80,000)
Purchase of own shares	<u>(1,110,000)</u>	<u>25</u>	<u>(1,109,975)</u>
At 30 November 2022	<u>5,422,086</u>	<u>25</u>	<u>5,422,111</u>

22. PENSION COMMITMENTS

The company makes payments to certain defined contribution personal pension schemes for eligible directors and staff, the assets of which are held separately from those of the company in independently administered funds. During the year ended 30 November 2022 contributions amounting to £256,806 (2021 : £90,963) were charged in the company's profit and loss account.

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 November 2022 and 30 November 2021:

	2022 £	2021 £
A Mayc		
Balance outstanding at start of year	-	8,471
Amounts repaid	-	(8,471)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

The above loans are interest free.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2022

24. RELATED PARTY DISCLOSURES

Other related parties

	2022	2021
	£	£
Sales	142,047	66,591
Purchases	1,027,596	1,676,615
Management charges payable	135,850	148,200
Amount due from related party	201,290	13,455
Amount due to related party	350,142	115,889
Recognised bad or doubtful debts due from related parties	<u>201,290</u>	<u>-</u>

The transactions with 'Other related parties' noted above arise with entities in which the spouses of 1st In Rail Limited shareholders hold shares, or with an entity on which the shareholders of 1st In Rail Limited collectively hold a substantial but not a controlling interest.

The directors of the company are considered to be the key management personnel and as such their remuneration is disclosed in note 6 to the accounts.

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