

REGISTERED NUMBER: 06495874 (England and Wales)

LUCION SERVICES LIMITED
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

BDO LLP
3 Hardman Street
Manchester
M3 3AT



**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2022**

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**LUCION SERVICES LIMITED
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTORS:

R Boulton
J P McGivern
A T Mead
P M Rozier

REGISTERED OFFICE:

Unit 7
Halifax Court
Dunston
Gateshead
Tyne and Wear
NE11 9JT

REGISTERED NUMBER:

06495874 (England and Wales)

AUDITORS:

BDO LLP
3 Hardman Street
Manchester
M3 3AT

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the Company is the provision of asbestos surveys, asbestos fibre air monitoring, asbestos abatement project management, ground investigations, strategic asbestos consultancy, production of construction phase plans compliant with Construction Design and Management regulations, site safety audits, radon risk management and the production of inventories of hazardous materials.

FAIR REVIEW OF THE BUSINESS

Our strategy and future plans

We are pleased with the performance of the Company this year. Revenue has increased by £1.5m to £21.2m and operating profit (excluding other operating income) has increased from £3.5m (restated) to £4.1m.

In addition, on 15th December 2021, the Company acquired Aberdeen Radiation Protection Services Limited, a provider of training and inspection of radiation protection services. Furthermore, on 7th March 2022, the Company acquired Landform Surveys Limited, a provider of land and mineral surveys.

Despite the continued challenges faced as a result of COVID-19 during the year, we continue to invest to grow our business further through a combination of organic growth and also the impact of acquisition.

Employees

Our people are our most valuable asset and are trained in house and by external specialists accredited to the highest relevant level of qualification. We seek to recruit the highest calibre staff and provide them with the best training and development in our sector of business. Our pay levels are very competitive. Further to our previous year, we have continued to invest in our Human Resource function during the year to ensure we continue to improve our people.

Quality processes

We have robust operational procedures, which have been developed and refined over many years. Our management system is UKAS accredited to IS019020 and IS017025 (both ISO 9000 equivalents) and in addition our health, safety and environmental systems are certified to ISO 14001 and OHSAS 18001. We invest heavily in our in-house quality assurance team to ensure compliance with our operational procedures.

Client relationships

We place great reliance on understanding our clients' needs and priorities and seek to help our clients achieve their objectives in strict compliance with all applicable regulations. We are dedicated to building long term client relationships and we are relentlessly focused on providing our clients with the most commercially effective solutions.

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

Health and safety risk

Our people are potentially at risk in the course of their work. Our clients and the public can also be at risk if our work is performed deficiently. We minimise this risk by continuously training our staff, optimising our quality processes and ensuring full compliance with our comprehensive health and safety policies. The latter are subject to regular audits.

Health and Safety performances are reported and monitored at Board level with equal prominence to our financial performance. We also externally insure the company against risks in this area.

Utilisation risk

Payroll expense accounts for more than half of our total costs. It is therefore important that we match our staff resources efficiently with our current and expected future client workload, as any mismatch will adversely affect profitability. We manage this risk by monitoring staff utilisation closely on both a regional and group wide basis and by constantly monitoring our pipeline of client work.

Financial Price risk

We manage our exposure to price risk by agreeing clear prices for our services and obtaining variation orders from clients if the scope of work changes. For many clients we have agreed pricing frameworks that are reviewed regularly and help us to price new works effectively.

Credit risk

We manage credit risk by obtaining external credit checks on all potential new clients, setting and working within defined credit limits and monitoring and reporting on credit risk on an ongoing basis. As a result of COVID-19, greater focus has been given to the credit risk of all clients.

Cash flow risk

Our cash flow profile is ordinarily steady and predictable. Monthly cash flow forecasts are prepared, which take into account the seasonality of the company's sales and VAT payments. Debtor and WIP days are reviewed regularly. During the year, COVID 19 impacted on sales and therefore cash receipts in. As a result, the focus on cash management increased such that during the year we maintained healthy cash balances and do not foresee this changing going forward.

Principal areas of uncertainty

The principal areas of uncertainty affecting our financial statements for the year ended 31st March 2022 include determining the appropriate provisions against at risk trade debtors and amounts recoverable on contracts. Significant analysis is reviewed in these areas and appropriate provisions have been made as at 31 March 2022 based on the results of these analyses.

We have not seen an impact on these balances post year end as a result of COVID-19 and are comfortable that the provisions in place as at 31 March 2022 are appropriate.

KEY PERFORMANCE INDICATORS (KPIs)

The group has three areas of key performance that are strong indicators of its continued performance:

Debtor days

Targeted at 60 days, we achieved an average 55 days in March 2022 (47 in March 2021).

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

WIP

WIP as a proportion is targeted at less than 75% of monthly turnover. As a result of COVID-19, management focused on reducing working capital which led to a lower level of WIP during the year than historical levels. This level of control has subsequently been maintained.

Employee retention

We achieved 75% (72% in March 2021). Strong company culture, employee values developments and communication of core values has maintained strong and improving retention of employees.

We would like to express our thanks to our staff, clients and other business partners for their cooperation and partnership during the financial year.

ON BEHALF OF THE BOARD:



.....
R Boulton - Director

Date: 13 December 2022

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

CHANGE OF NAME

The company passed a special resolution on 11 January 2022 changing its name from Lucion Environmental Limited to Lucion Services Limited.

DIVIDENDS

An interim dividend of £3,000,000 was paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2022 will be £3,000,000.

DIRECTORS

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

R Boulton
J P McGivern
A T Mead
P M Rozier

Other changes in directors holding office are as follows:

S A Taylor - resigned 26 November 2021
D W Chapman - resigned 16 July 2021

DISCLOSURE IN THE STRATEGIC REPORT

Identification of the information for which the company has chosen, in accordance with s414C(11) of the Companies Act, to set out in the company's strategic report which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report.

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.

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.

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

BDO LLP has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
R Boulton - Director

Date: 13 December 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUCION SERVICES LIMITED
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

Opinion

We have audited the financial statements of Lucion Services Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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 31 March 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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 included in the Strategic Report, Report of the Directors' and Financial Statements other than the financial statements and our auditor's report 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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
LUCION SERVICES LIMITED
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL 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 page 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:

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

Based on our understanding and accumulated knowledge of the Company and the sectors in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, the financial reporting framework and the UK Companies Act 2006, and industry related, such as compliance with health and safety legislation, employment law and taxation legislation. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUCION SERVICES LIMITED
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, with a focus on unusual account combinations and journals indicating large or unusual transactions based on our understanding of the business;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions, accounting estimates and judgements made by the Directors, particularly in relation to useful economic lives of intangible and tangible assets, impairment of debtors and valuation of work in progress and amounts recoverable on long term contracts;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

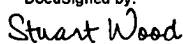
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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.

DocuSigned by:


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Stuart Wood (Senior Statutory Auditor)
for and on behalf of BDO LLP
3 Hardman Street
Manchester
M3 3AT

Date: 14 December 2022

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £'000	As restated 2021 £'000
REVENUE	3	21,237	19,694
Cost of sales		<u>(13,996)</u>	<u>(13,929)</u>
GROSS PROFIT		7,241	5,765
Administrative expenses		<u>(3,134)</u>	<u>(2,233)</u>
		4,107	3,532
Other operating income	5	<u>92</u>	<u>1,607</u>
OPERATING PROFIT	5	4,199	5,139
Interest payable and similar expenses	7	<u>-</u>	<u>(1)</u>
PROFIT BEFORE TAXATION		4,199	5,138
Tax on profit	8	<u>(536)</u>	<u>(209)</u>
PROFIT FOR THE FINANCIAL YEAR		3,663	4,929
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,663</u>	<u>4,929</u>

The notes form part of these financial statements

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2022**

		2022 £'000	2021 As restated 2021 £'000
FIXED ASSETS			
Intangible assets	10	3,601	4,047
Property, plant and equipment	11	1,384	648
Investments	12	<u>3,699</u>	<u>19</u>
		<u>8,684</u>	<u>4,714</u>
 CURRENT ASSETS			
Debtors	13	10,097	10,377
Cash at bank and in hand		<u>588</u>	<u>1,375</u>
		10,685	11,752
CREDITORS			
Amounts falling due within one year	14	<u>(5,187)</u>	<u>(3,100)</u>
NET CURRENT ASSETS		<u>5,498</u>	<u>8,652</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,182	13,366
PROVISIONS FOR LIABILITIES	17	<u>(192)</u>	<u>(39)</u>
NET ASSETS		<u>13,990</u>	<u>13,327</u>
 CAPITAL AND RESERVES			
Called up share capital	18	53	53
Share premium	19	65	65
Merger reserve	19	(1,116)	(1,116)
Retained earnings	19	<u>14,988</u>	<u>14,325</u>
SHAREHOLDERS' FUNDS		<u>13,990</u>	<u>13,327</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2022 and were signed on its behalf by:

JPMcGivern

.....
J McGivern - Director

The notes form part of these financial statements

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

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

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1 April 2020	53	12,086	65	(1,116)	11,088
Prior year adjustment	-	310	-	-	310
	<u>53</u>	<u>12,396</u>	<u>65</u>	<u>(1,116)</u>	<u>11,398</u>
Changes in equity					
Dividends	-	(3,000)	-	-	(3,000)
Total comprehensive income – as restated	-	4,929	-	-	4,929
	<u>-</u>	<u>4,929</u>	<u>-</u>	<u>-</u>	<u>4,929</u>
Balance at 31 March 2021	<u>53</u>	<u>14,325</u>	<u>65</u>	<u>(1,116)</u>	<u>13,327</u>
Changes in equity					
Dividends	-	(3,000)	-	-	(3,000)
Total comprehensive income	-	3,663	-	-	3,663
	<u>-</u>	<u>3,663</u>	<u>-</u>	<u>-</u>	<u>3,663</u>
Balance at 31 March 2022	<u><u>53</u></u>	<u><u>14,988</u></u>	<u><u>65</u></u>	<u><u>(1,116)</u></u>	<u><u>13,990</u></u>

The notes form part of these financial statements

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

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

1. STATUTORY INFORMATION

Lucion Services Limited (formerly known as Lucion Environmental Limited for the year ended 31 March 2021) is a private company, limited by shares, registered in England and Wales. The company's registered number is 06495874 and its registered office is Unit 7 Halifax Court, Dunston, Gateshead, Tyne & Wear, NE11 9JT.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

The directors have considered the impact of the various macro-economic factors at present (the continued impact of the COVID-19 pandemic, the Ukrainian crisis and the impact of inflation) on the group. Forward projections show that we will continue to remain within our covenants with sufficient headroom allowing for sensitivities to be applied.

Should demand for the group's services fall, the directors would introduce appropriate cost control measures as necessary. The directors have applied sensitivity to future sales, cash management and banking covenants, to ensure compliance.

As a result of the above, the directors are satisfied that the group is a going concern and that the financial statements are correctly prepared on this basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of paragraph 33.7

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving assumptions) that management has made in the process of applying the entity's accounting policies and have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Key sources of estimation and uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £1,384k (2021 - £648k).

Useful economic lives of intangible assets - amortisation is estimated so as to write off the cost of an intangible asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the amortisation accounting policy. The carrying amount is £3,601k (2021 - £3,672k).

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount of the debtors impairment provision is £14k (2021 - £32k).

Valuation of work in progress and amounts recoverable on long term contracts - the company estimates the proportion of the contracts completed at the year end by recording turnover and related costs as contract activity progresses. The carrying amount is £1,018k (2021 - £700k).

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns and discounts.

Revenue from the 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. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made. Amortisation is recognised in the income statement within administrative expenses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 5 years or 10 years

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website and software development is being amortised evenly over its estimated useful life of nil years.

Property, plant and equipment

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

Assets under construction	- Not provided
Long leasehold	- 10% on cost
Plant and machinery	- 33% on cost
Fixtures and fittings	- 25% to 33% on cost
Motor vehicles	- 25% to 33% on cost

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in other income in the period in which it becomes receivable and the related expense is incurred.

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission, of a valid claim for payment.

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment for permanent diminution in value.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Foreign currencies

Monetary foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the income statement.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Defined contribution pension obligation

A defined contribution pension plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service the excess is recognised as a prepayment.

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PREVIOUSLY KNOWN AS LUCION ENVIRONMENTAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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 accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Capitalisation of salaries

Within the capital costs of IT, a proportion of the IT development team staff time has been capitalised to recognise the proportion of time and cost spent for the development and future benefit of our in house IT operations system. As a new accounting policy for the year ending March 2022, the impact on prior years has been shown for comparative purposes.

Prior year adjustments

The accounts show a change to accounting policy in respect of the capitalisation of the IT development team. This has resulted in a restatement of the prior year figures both in the Statement of Comprehensive Income and Statement of Financial Position. This methodology is detailed in the accounting policy note.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	21,036	19,335
Europe	60	359
Rest of world	<u>141</u>	<u>-</u>
	<u><u>21,237</u></u>	<u><u>19,694</u></u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£'000	£'000
Wages and salaries	8,991	8,662
Social security costs	715	653
Other pension costs	<u>326</u>	<u>286</u>
	<u><u>10,032</u></u>	<u><u>9,601</u></u>

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

	2022	2021
Production	177	215
Administration and support	<u>98</u>	<u>79</u>
	<u><u>275</u></u>	<u><u>294</u></u>

The following directors are also directors or employees of another group Company. They are remunerated by the Company shown. It is not practicable to allocate their remuneration between their services as directors of this Company and as directors or employees of other group companies.

R Boulton	Lucion Group Limited (formerly known as Lucion Services Limited)
P M Rozier	Lucion Group Limited (formerly known as Lucion Services Limited)
J P McGivern	Lucion Group Limited (formerly known as Lucion Services Limited)
A T Mead	Lucion Group Limited (formerly known as Lucion Services Limited)

	2022	2021
	£	£
Directors' remuneration	<u><u>-</u></u>	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

5. OPERATING PROFIT

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

	2022	As restated 2021
	£'000	£'000
Depreciation - owned assets	301	309
Amortisation	641	560
Impairment of trade debtors	(14)	(32)
Government grants	<u>(92)</u>	<u>(1,607)</u>

Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in other income in the period in which it becomes receivable and the related expense is incurred.

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission, of a valid claim for payment.

6. AUDITORS' REMUNERATION

	2022	2021
	£'000	£'000
Fees payable to the company's auditors for the audit of the company's financial statements	46	46
Auditors' remuneration for non audit work	<u>10</u>	<u>10</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Other interest payable	<u>-</u>	<u>1</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

8. TAXATION

Analysis of the tax charge

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

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax	339	220
UK corporation tax adjustment to prior periods	<u>44</u>	<u>-</u>
Total current tax	<u>383</u>	<u>220</u>
Deferred tax:		
Deferred tax	179	(31)
Prior period adjustment	<u>(26)</u>	<u>20</u>
Total deferred tax	<u>153</u>	<u>(11)</u>
Tax on profit	<u>536</u>	<u>209</u>

Reconciliation of total tax charge included in profit and loss

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

	2022	2021
	£'000	£'000
Profit before tax	<u>4,199</u>	<u>5,138</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	798	976
Effects of:		
Expenses not deductible for tax purposes	-	(6)
Increase (decrease) in UK and foreign deferred tax from adjustment for prior periods	(26)	20
Tax increase (decrease) arising from group relief	(415)	(893)
Increase in UK tax from adjustment to prior period	44	-
Remeasurement relating to change in tax rate	46	-
Fixed asset differences	89	112
Total tax charge	<u>536</u>	<u>209</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

8. TAXATION - continued

The Finance Bill 2021 has set out measures to maintain the corporation tax rate for financial years beginning 1 April 2021 and 2022. For financial years beginning after 1 April 2023, the corporation tax main rate will be increased to 25% for profits over £250k. A small profits rate (SPR) will also be introduced for companies with profits of £50k or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50k and £250k will pay tax at the main rate reduced by marginal relief. The directors are not aware of any other factors that will materially affect the future tax charge.

9. DIVIDENDS

	2022 £'000	2021 £'000
Ordinary shares shares of 0.01 each		
Final	<u>3,000</u>	<u>3,000</u>

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Website and software development £'000	Totals £'000
COST			
At 1 April 2021	8,837	-	8,837
Prior year adjustment	<u>-</u>	<u>683</u>	<u>683</u>
	8,837	683	9,520
 Additions	 <u>-</u>	 <u>195</u>	 <u>195</u>
At 31 March 2022	<u>8,837</u>	<u>878</u>	<u>9,715</u>
 AMORTISATION			
At 1 April 2021	5,165	-	5,165
Prior year adjustment	<u>-</u>	<u>308</u>	<u>308</u>
	5,165	308	5,473
 Amortisation for year	 <u>540</u>	 <u>101</u>	 <u>641</u>
At 31 March 2022	<u>5,705</u>	<u>409</u>	<u>6,114</u>
 NET BOOK VALUE			
At 31 March 2022	<u>3,132</u>	<u>469</u>	<u>3,601</u>
At 31 March 2021 – as restated	<u>3,672</u>	<u>375</u>	<u>4,047</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

11. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction £'000	Long leasehold £'000	Plant and machinery £'000
COST			
At 1 April 2021	-	957	701
Additions	<u>865</u>	<u>61</u>	<u>43</u>
At 31 March 2022	<u>865</u>	<u>1,018</u>	<u>744</u>
DEPRECIATION			
At 1 April 2021	-	575	661
Charge for year	<u>-</u>	<u>109</u>	<u>33</u>
At 31 March 2022	<u>-</u>	<u>684</u>	<u>694</u>
NET BOOK VALUE			
At 31 March 2022	<u>865</u>	<u>334</u>	<u>50</u>
At 31 March 2021	<u>-</u>	<u>382</u>	<u>40</u>

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2021	594	124	81	2,457
Additions	<u>68</u>	<u>-</u>	<u>-</u>	<u>1,037</u>
At 31 March 2022	<u>662</u>	<u>124</u>	<u>81</u>	<u>3,494</u>
DEPRECIATION				
At 1 April 2021	425	124	24	1,809
Charge for year	<u>103</u>	<u>-</u>	<u>56</u>	<u>301</u>
At 31 March 2022	<u>528</u>	<u>124</u>	<u>80</u>	<u>2,110</u>
NET BOOK VALUE				
At 31 March 2022	<u>134</u>	<u>-</u>	<u>1</u>	<u>1,384</u>
At 31 March 2021	<u>169</u>	<u>-</u>	<u>57</u>	<u>648</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 April 2021	19
Additions	<u>3,680</u>
At 31 March 2022	<u>3,699</u>
NET BOOK VALUE	
At 31 March 2022	<u>3,699</u>
At 31 March 2021	<u>19</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Askams Compliance Services Limited

Registered office: Unit 7 Halifax Court, Dunston, Gateshead, NE11 9JT.

Nature of business: Technical testing and analysis

	%
Class of shares:	holding
Ordinary	100.00

Landform Surveys Limited

Registered office: Suite 18, Ybn Delta Bank Road, Metro Riverside Park, Gateshead, United Kingdom, NE11 9DJ

Nature of business: Other professional, scientific and technical

	%
Class of shares:	holding
Ordinary	100.00

Aberdeen Radiation Protection services Limited

Registered office: Air Products Building Enterprise Drive, Westhill Industrial Estate, Westhill, Scotland, AB32 6TQ

Nature of business: Other professional, scientific and technical

	%
Class of shares:	holding
Ordinary	100.00

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Trade debtors	4,331	4,205
Amounts owed by group undertakings	4,111	4,847
Amounts recoverable on contracts	1,018	700
Other debtors	260	135
Prepayments and accrued income	<u>377</u>	<u>490</u>
	<u>10,097</u>	<u>10,377</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Amounts owed by group undertakings that are due within one year are unsecured, repayable on demand and interest free.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Trade creditors	1,278	1,228
Amounts owed to group undertakings	2,484	219
Corporation tax	40	32
Social security and other taxes	852	1,138
Other creditors	294	75
Accrued expenses	<u>239</u>	<u>408</u>
	<u>5,187</u>	<u>3,100</u>

Amounts owed to group undertakings that are due within one year are unsecured, repayable on demand and interest free.

15. LEASING AGREEMENTS

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

	2022	2021
	£'000	£'000
Within one year	961	641
Between one and five years	991	1,689
In more than five years	<u>80</u>	<u>127</u>
	<u>2,032</u>	<u>2,457</u>

16. SECURED DEBTS

The parent company has granted its bankers a debenture over the assets of the group.

17. PROVISIONS FOR LIABILITIES

	2022	2021
	£'000	£'000
Deferred tax	<u>192</u>	<u>39</u>
		Deferred tax
		£'000
Balance at 1 April 2021		39
Provided during year		<u>153</u>
Balance at 31 March 2022		<u>192</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2022	2021
		value:	£	£
5,342,600	Ordinary shares	0.01	<u>53,426</u>	<u>53,426</u>

19. RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.
Other reserves	Share option reserve.
Merger reserve	Arose on past business combination that was accounted for as a merger in accordance with UK GAAP applied at the time.

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £326k (2021 - £286k).

Contributions totalling £60k (2021 - £37k) were payable to the scheme at the end of the year and are included in creditors.

21. RELATED PARTY TRANSACTIONS

The company is related to R Boulton due to him being a director of the company. During the year he charged the company rent of £18k (2021: £18k) and at the year end the amount outstanding and included within trade creditors is £Nil (2021: £6k).

The company has taken advantage of paragraph 33.1A of FRS 102 and has not disclosed transactions with other members of the Lucion Services Group.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

22. PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent is Lucion Group Limited (formerly Lucion Services Limited), incorporated in England and Wales.

The ultimate parent is Project Jedi Topco Limited, incorporated in England and Wales.

The smallest group in which the results of the Company are consolidated is that headed by Lucion Services Limited.

The largest group in which the results of the Company are consolidated is that headed by Project Jedi Topco Ltd, a company incorporated in England and Wales with registered office Unit 7, Halifax Court, Dunston, Gateshead, NE11 9JT.

Both sets of consolidated accounts are publicly available and may be obtained from Companies House.

The ultimate controlling party is the partners of Palatine Private Equity LLP.

23. POST BALANCE SHEET EVENTS

On 9th December the group purchased the share capital of Midland Survey Limited which further enhances the capacity and skills of the group. The initial acquisition payment, inclusive of deal fees, is £4,365,000. The maximum deferred consideration, dependent on post acquisition performance is £3,450,000.

**LUCION SERVICES LIMITED (REGISTERED NUMBER: 06495874)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

24. PRIOR YEAR ADJUSTMENTS

The accounts have been restated following a change in accounting policy to capitalise salaries.

Due to these restatements, in 2021 Lucion Services' administrative costs have been restated to £(2,234k). This has resulted in a restated operating surplus of £5,139k, a restated surplus on ordinary activities before tax of £5,137k and a restated comprehensive income of £4,929k.

The total impact on the reserves balances as at 31 March 2021 is an increase of £376k.

Capitalised salaries change in accounting policy

Within the capital cost of property, a proportion of staff time has been included to recognise the time spent in managing and delivering the development of software. This cost is incurred as a result of the programmes and hence agreed to be capitalised.

As this is a new accounting policy for year ending March 2022 the impact on prior years has to be corrected, by way of a prior year adjustment, for comparative purposes.

This change in accounting policy has resulted in a reduction in the operating cost of £66k for the year ended 31 March 2021. This reduction reflects the fact that salaries previously expensed to the Statement of Comprehensive Income had retrospectively been capitalised against the 2021 intangible fixed asset additions.

Intangible fixed asset cost has been adjusted by £683k, and accumulated depreciation of £308k to reflect the now higher cost of capital due to the capitalisation of salaries.

The table below summarises the overall movement in the Statement of Comprehensive Income and the Statement of Financial Position as a result of the change in accounting policy.

	Original balance for the year ending 31 March 2021 £'000	Restatement Impact £'000	Restated balances for year ending 31 March 2021 £'000
Statement of Comprehensive Income			
Administrative costs	2,299	(66)	2,233
Operating surplus	5,073	66	5,139
Surplus on ordinary activities before taxation	<u>5,072</u>	<u>66</u>	<u>5,138</u>

	Original balance for the year ending 31 March 2021 £'000	Restatement Impact £'000	Restated balances for year ending 31 March 2021 £'000
Statement of Financial Position			
Intangible fixed assets	3,672	375	4,047
Total capital and reserves	<u>12,951</u>	<u>375</u>	<u>13,327</u>