

Company Registration No. 212757 (Republic of Ireland)

DORNAN ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

DORNAN ENGINEERING LIMITED

COMPANY INFORMATION

Directors	Brian Acheson Oliver Lonergan David Dukelow William Flynn Paul Flynn David Myers Patrick Finn Micheál O'Connor	(Appointed 1 June 2021)
Secretary	Patrick Finn	
Company number	212757	
Registered office	10 Eastgate Avenue Eastgate Little Island Co. Cork	
Auditor	Crowley & McCarthy Building G West Cork Technology Park Clonakilty Co. Cork	
Bankers	Bank of Ireland 32 South Mall Cork	
Solicitors	J.W. O'Donovan Solicitors 53 South Mall Cork	

DORNAN ENGINEERING LIMITED

CONTENTS

	Page
Directors' responsibilities statement	1
Independent auditors' report	2 - 4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 26

DORNAN ENGINEERING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with applicable Irish accounting standards, including "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102) issued by the Financial Reporting Council ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

On behalf of the board

Oliver Lonergan
Director

Patrick Finn
Director

18 May 2022

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF DORNAN ENGINEERING LIMITED

Opinion

We have audited the financial statements of Dornan Engineering Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 the date 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 annual report, 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.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF DORNAN ENGINEERING LIMITED

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that in our opinion:

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF DORNAN ENGINEERING LIMITED

This report is made solely to the company's member, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Derry Crowley
for and on behalf of Crowley & McCarthy

Chartered Accountants and Statutory Audit Firm
Building G
West Cork Technology Park
Clonakilty
Co. Cork

18 May 2022

DORNAN ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	€	€
Turnover	5	235,994,014	366,468,007
Cost of sales		(181,297,974)	(308,737,202)
Gross profit		<u>54,696,040</u>	<u>57,730,805</u>
Administrative expenses		(34,125,751)	(37,358,658)
Operating profit	7	20,570,289	20,372,147
Interest receivable and similar income	9	224,130	53,851
Interest payable and similar expenses	10	(178,160)	(86,216)
Amounts written off financial assets	11	(16,075,213)	-
Profit before taxation		<u>4,541,046</u>	<u>20,339,782</u>
Tax on profit	12	(3,026,708)	(2,651,845)
Profit for the financial year		<u><u>1,514,338</u></u>	<u><u>17,687,937</u></u>

There is no other comprehensive income, other than that passing through the profit and loss account.

DORNAN ENGINEERING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		€	€	€	€
Fixed assets					
Tangible assets	13	1,455,617		1,016,358	
Financial assets	14	1,129,892		1,129,992	
		<u>2,585,509</u>		<u>2,146,350</u>	
Current assets					
Stocks	16	-		3,746	
Debtors	17	95,662,680		108,941,440	
Cash at bank and in hand		40,375,485		39,601,214	
		<u>136,038,165</u>		<u>148,546,400</u>	
Creditors: amounts falling due within one year	18	(59,396,731)		(71,993,905)	
Net current assets		<u>76,641,434</u>		<u>76,552,495</u>	
Total assets less current liabilities		<u>79,226,943</u>		<u>78,698,845</u>	
Creditors: amounts falling due after more than one year	19	(3,243,565)		(4,229,805)	
Net assets		<u><u>75,983,378</u></u>		<u><u>74,469,040</u></u>	
Capital and reserves					
Called up share capital presented as equity	24	1,270,000		1,270,000	
Share premium account	25	41,344		41,344	
Profit and loss reserves	26	74,672,034		73,157,696	
Shareholders' equity		<u><u>75,983,378</u></u>		<u><u>74,469,040</u></u>	

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

18 May 2022

DORNAN ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	€	€	€	€
Balance at 1 January 2020	1,270,000	41,344	55,469,759	56,781,103
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	17,687,937	17,687,937
Balance at 31 December 2020	1,270,000	41,344	73,157,696	74,469,040
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	1,514,338	1,514,338
Balance at 31 December 2021	1,270,000	41,344	74,672,034	75,983,378

DORNAN ENGINEERING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €	€	2020 €	€
Net cash flows from operating activities	32		1,642,340		13,664,453
Investing activities					
Purchase of tangible fixed assets		(983,509)		(852,376)	
Proceeds on disposal of tangible fixed assets		131,216		126,838	
Proceeds on disposal of subsidiaries		100		(11,761)	
Interest received		224,130		1	
Dividends received		-		53,850	
Net cash flows from investing activities			(628,063)		(683,448)
Financing activities					
Net movement of finance leases obligations		(234,877)		215,954	
Net cash flows from financing activities			(234,877)		215,954
Net increase in cash and cash equivalents			779,400		13,196,959
Cash and cash equivalents at beginning of year			39,579,159		26,382,200
Cash and cash equivalents at end of year			40,358,559		39,579,159
Relating to:					
Cash at bank and in hand			40,375,485		39,601,214
Bank overdrafts included in creditors payable within one year			(16,926)		(22,055)
			40,358,559		39,579,159

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Company information

Dornan Engineering Limited is a limited company domiciled and incorporated in the Republic of Ireland. The registered office is 10 Eastgate Avenue, Eastgate, Little Island, Co. Cork and its company registration number is 212757.

2 Accounting convention and basis of preparation

Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. They have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), issued by the Financial Reporting Council, and the requirements of the Companies Act 2014.

Functional currency

The financial statements are prepared in euros, which is the functional currency of the company.

FRS 102 exemptions

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

- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Dornan Engineering Holdings Limited. These consolidated financial statements are available from its registered office, 10 Eastgate Avenue, Eastgate, Little Island, Co. Cork.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3 Accounting policies

3.1 Turnover and revenue recognition

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities.

Turnover from long term contracts is billed based on agreed billing schedules and certifications and any profit arising thereon is calculated so as to equate with the deemed stage of completion.

3.2 Tangible fixed assets

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

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on a straight line basis as follows:

Plant and Machinery	20% Straight Line
Furniture and Equipment	20% Straight Line
Motor Assets	20% - 33% Straight Line
Leased Vehicles	25% - 33% Straight Line

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

3.3 Fixed asset investments

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

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

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

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

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

3.4 Impairment of fixed assets

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

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the profit and loss account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the profit and loss account, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the company which is considered by the directors to be a single cash generating unit.

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

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of capacity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

Contract work-in-progress is stated at cost, less foreseeable losses and progress payments received, where applicable. Cost is defined as the aggregate cost of raw material and the attributable proportion of relevant direct overheads.

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

3.6 Construction contracts

When the outcome of a long term contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

The outcome of a long term contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue can be measured reliably;
- it is probable that the economic benefits associated with the contract will flow to the company;
- both the contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the certified turnover as a percentage of total expected turnover for the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may they have been agreed with the customer and are capable of being reliably measured.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

3.7 Financial instruments

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

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

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

Ordinary share capital

The ordinary share capital of the company is presented as equity.

Cash and cash equivalents

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

Basic financial assets

Basic financial assets, which include trade and other receivables, and cash and bank balances, are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets

Trade debtors and amounts recoverable on long term contracts, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

Classification of financial liabilities

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

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

3.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Final dividends to the company's equity shareholders are recognised as a liability of the company when approved by the company's shareholders. Interim dividends are recognised when paid.

3.9 Taxation

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

Current tax

The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

Deferred tax

Deferred taxation is calculated on the differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Full provision for deferred tax assets and liabilities is made at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on the revaluation of fixed assets. 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.

3.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3.11 Employee benefits

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

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

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

3.12 Retirement benefits

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

The company operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. Other employees are covered under Construction Industry Federation Schemes. Contributions are charged to the profit and loss account in the period in which they are incurred.

3.13 Leases

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet and are depreciated over their useful lives with the corresponding lease or hire purchase obligation being recognised as a liability. The interest element of the finance lease rentals is charged to the profit and loss account over the period of the lease and represent a constant periodic rate of interest on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Accounting policies

(Continued)

3.14 Foreign exchange

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

4 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The following are the company's key sources of estimation uncertainty:

Long term contracts

Profit on long term contracts is recognised using the percentage of completion method. A portion of estimated profit on individual contracts is taken into account based on the stage of completion. Revisions in estimates are reflected in the accounting period when revision becomes known. Expected losses are charged to income entirely when the losses become evident.

Useful lives of tangible fixed assets

Tangible fixed assets represent a significant portion of total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, the directors consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 13.

5 Turnover and other revenue

Turnover is stated net of value added tax and is attributable to continuing activities. The total turnover for the year has been derived from mechanical, electrical and instrumental contracting. In the view of the directors, disclosure of segmental information would be seriously prejudicial to the interests of the company. Accordingly, as permitted the directors have availed of Paragraph 65(6) of Schedule 3 to the Companies Act 2014 and have not disclosed an analysis of turnover.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

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

	2021	2020
	Number	Number
Administration	90	74
Contracting	515	473
Total	<u>605</u>	<u>547</u>

Their aggregate remuneration comprised:

	2021	2020
	€	€
Wages and salaries	52,901,263	52,494,963
Social security costs	4,910,282	4,424,103
Pension costs	3,123,662	2,784,592
	<u>60,935,207</u>	<u>59,703,658</u>

7 Operating profit

	2021	2020
	€	€
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(1,644,761)	888,125
Audit fees	50,175	52,843
Depreciation of tangible fixed assets	536,342	434,844
Profit on disposal of tangible fixed assets	(123,308)	(85,525)
	<u></u>	<u></u>

8 Directors' remuneration

	2021	2020
	€	€
Remuneration for qualifying services	1,926,484	1,387,128
Company pension contributions to defined contribution schemes	582,580	429,467
	<u>2,509,064</u>	<u>1,816,595</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2020 - 6).

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Interest receivable and similar income

	2021	2020
	€	€
Interest income		
Interest on bank deposits	-	1
Interest receivable from group companies	224,130	-
	<u>224,130</u>	<u>1</u>
Total interest revenue	224,130	1
Income from financial assets		
Income from shares in group undertakings	-	53,850
	<u>-</u>	<u>53,850</u>
Total income	<u>224,130</u>	<u>53,851</u>

10 Interest payable and similar expenses

	2021	2020
	€	€
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	147,960	48,749
Interest on finance leases and hire purchase contracts	26,605	33,303
	<u>174,565</u>	<u>82,052</u>
Other finance costs:		
Other interest	3,595	4,164
	<u>3,595</u>	<u>4,164</u>
	<u>178,160</u>	<u>86,216</u>

11 Amounts written off financial assets

	2021	2020
	€	€
Amount written off inter-company debtor	(16,075,213)	-
	<u>(16,075,213)</u>	<u>-</u>

This represents an amount written off the balance owed to the company by its subsidiary company Kantor Energy Limited.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Taxation

	2021	2020
	€	€
Current tax		
Corporation tax on profits for the current period	2,852,782	2,703,703
Adjustments in respect of prior periods	167,052	(24,637)
	<u>3,019,834</u>	<u>2,679,066</u>
Deferred tax		
Origination and reversal of timing differences	6,874	(27,221)
	<u>3,026,708</u>	<u>2,651,845</u>

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

	2021	2020
	€	€
Profit before taxation	<u>4,541,046</u>	<u>20,339,782</u>
Expected tax charge based on the standard rate of corporation tax of 12.50% (2020: 12.50%)	567,631	2,542,473
Tax effect of expenses that are not deductible in determining taxable profit	2,070,188	36,745
Depreciation on assets not qualifying for tax allowances	26,381	(7,579)
Research and development tax credit	-	(150,000)
Effect of overseas tax rates	174,284	258,531
Under/(over) provided in prior years	167,112	(24,637)
Dividend income	-	(6,731)
Other tax adjustments	21,112	3,043
	<u>3,026,708</u>	<u>2,651,845</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

	Plant and Machinery	Furniture and Equipment	Motor Assets	Leased Assets	Total
	€	€	€	€	€
Cost					
At 1 January 2021	329,385	404,092	419,856	1,533,543	2,686,876
Additions	244,075	-	739,434	-	983,509
Disposals	-	-	(180,552)	(150,590)	(331,142)
At 31 December 2021	573,460	404,092	978,738	1,382,953	3,339,243
Depreciation and impairment					
At 1 January 2021	175,538	319,349	285,807	889,824	1,670,518
Depreciation charged in the year	62,098	33,668	183,049	257,527	536,342
Eliminated in respect of disposals	-	-	(172,644)	(150,590)	(323,234)
At 31 December 2021	237,636	353,017	296,212	996,761	1,883,626
Carrying amount					
At 31 December 2021	335,824	51,075	682,526	386,192	1,455,617
At 31 December 2020	153,847	84,743	134,049	643,719	1,016,358

14 Financial assets

	Notes	2021 €	2020 €
Investments in subsidiaries	15	1,129,892	1,129,992

In the opinion of the directors the shares in and loans to the companies detailed above are worth at least the amounts at which they are stated in the Balance Sheet.

Movements in fixed asset investments

	Shares in group undertakings €
Cost or valuation	
At 1 January 2021	1,129,992
Disposals	(100)
At 31 December 2021	1,129,892
Carrying amount	
At 31 December 2021	1,129,892
At 31 December 2020	1,129,992

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held		
			Direct	Indirect	
Baddesley O&M Limited	England and Wales	Operation and maintenance of waste to energy facility	Ordinary	100	-
Dornan AG	Switzerland	Engineering Contracting	Ordinary	100	-
Dornan Engineering Germany Limited	Republic of Ireland	Engineering Contracting	Ordinary	100	-
Dornan Engineering Services Limited	England and Wales	Engineering Contracting	Ordinary	100	-
Kantor Energy (Ireland) Limited	Republic of Ireland	Specialist district energy design and build contractor	Ordinary	100	-
Kantor Energy Limited	England and Wales	Specialist district energy design and build contractor	Ordinary	100	-

The company has established subsidiary companies as vehicles for expansion of its sphere of operation in the U.K. and Europe. Dornan Engineering Services Limited and Kantor Energy Limited are U.K. registered companies carrying on contracting operations in Britain. Dornan Engineering Germany Ltd. is an Irish registered company which has branch activities in Germany. Dornan AG is a company registered in Switzerland which has not yet commenced operations. Baddesley O & M Limited is a U.K. registered company which operates and maintains a waste to energy facility. The immediate parent company is Dornan Engineering Holdings Limited, a company registered in Ireland and Brian Acheson Limited, a company registered in Ireland, is the ultimate parent undertaking.

16 Stocks

	2021	2020
	€	€
Work in progress	-	3,746

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Debtors

	2021	2020
Amounts falling due within one year:	€	€
Trade debtors	27,714,151	36,957,287
Amounts recoverable on contracts	40,236,239	36,191,097
Amount due from parent undertaking	9,227,717	9,934,352
Amounts due from fellow group undertakings	15,240,914	22,807,802
Other debtors	656,138	1,795,100
Prepayments and accrued income	2,520,379	1,181,786
	<u>95,595,538</u>	<u>108,867,424</u>
Deferred tax asset (note 22)	67,142	74,016
	<u>95,662,680</u>	<u>108,941,440</u>

Included above under amounts recoverable on contracts are retention amounts of €10,420,169 (2020: €11,927,196) which are due after more than one year.

18 Creditors: amounts falling due within one year

	Notes	2021	2020
		€	€
Bank loans and overdrafts	28	16,926	22,055
Obligations under finance leases and hire purchase contracts		196,983	234,881
Trade creditors		11,566,633	10,739,507
Amounts accrued on contracts		34,277,391	52,604,246
Amounts due to group undertakings		5,299,375	2,284,506
Corporation tax		1,217,909	418,161
Other taxation and social security		5,165,255	3,750,630
Accruals		1,656,259	1,939,919
		<u>59,396,731</u>	<u>71,993,905</u>

Included in other taxation and social security creditors are the following amounts:

Value added tax	1,817,464	346,252
PAYE/PRSI	2,408,092	2,149,996
Other taxes	939,699	1,254,382
	<u>5,165,255</u>	<u>3,750,630</u>

Trade creditors and other creditors are payable at various dates after the financial year-end in accordance with the companies usual and customary credit terms. Tax and social insurance are repayable at various dates after the financial year-end in accordance with the applicable statutory provisions. The company has financed certain tangible assets by entering into a number of finance leases. These finance leases are payable in monthly and quarterly instalments and are subject to interest rates between 4% and 6%.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: amounts falling due after more than one year

	Notes	2021 €	2020 €
Obligations under finance leases	20	159,549	356,528
Amounts accrued on contracts		3,084,016	3,873,277
		<u>3,243,565</u>	<u>4,229,805</u>

20 Obligations under finance leases and hire purchase agreements

		2021 €	2020 €
Future minimum lease payments due under finance leases:			
Within one year		219,146	260,079
In two to five years		178,734	397,880
		<u>397,880</u>	<u>657,959</u>
Less: future finance charges		(41,348)	(66,550)
		<u>356,532</u>	<u>591,409</u>

21 Financial instruments

		2021 €	2020 €
Financial assets			
Debt instruments measured at amortised cost:			
Trade debtors		27,714,151	36,957,287
Amounts recoverable on contracts		40,236,239	36,191,097
Amount due from parent undertaking		9,227,717	9,934,352
Amounts due from fellow group undertakings		15,240,914	22,807,802
Other debtors		8,707	15,367
Cash at bank and in hand		40,375,485	39,601,214
		<u>132,803,213</u>	<u>145,507,119</u>
Equity instruments measured at cost less impairment		1,129,892	1,129,992
		<u>133,933,105</u>	<u>146,637,111</u>
Financial liabilities			
Measured at amortised cost:			
Bank loans and overdrafts		16,926	22,055
Obligations under finance leases		356,532	591,409
Trade creditors		11,566,633	10,739,507
Amounts accrued on contracts		37,361,407	56,477,523
Amounts due to group undertakings		5,299,375	2,284,506
Accruals		1,656,259	1,939,919
		<u>56,257,132</u>	<u>72,054,919</u>
Total measured at amortised cost		<u>56,257,132</u>	<u>72,054,919</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Deferred taxation

	Assets 2021	Assets 2020
	€	€
Balances:		
Accelerated capital allowances	30,577	24,217
Retirement benefit obligations	36,565	49,799
	<u>67,142</u>	<u>74,016</u>
		2021
Movements in the year:		€
Asset at 1 January 2021		(74,016)
Charge to profit or loss		6,874
		<u>(67,142)</u>

23 Retirement benefit schemes

	2021	2020
	€	€
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	3,123,662	2,784,592
	<u>3,123,662</u>	<u>2,784,592</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date an amount of €292,519 (2020: €398,395) was due to the fund.

24 Share capital

	2021	2020
	€	€
Ordinary share capital		
Authorised equity		
8,500,000 A Ordinary Shares of €1.27 each	10,795,000	10,795,000
1,500,000 B Ordinary Shares of €1.27 each	1,905,000	1,905,000
	<u>12,700,000</u>	<u>12,700,000</u>
Issued and fully paid equity		
850,000 A Ordinary Shares of €1.27 each	1,079,500	1,079,500
150,000 B Ordinary Shares of €1.27 each	190,500	190,500
	<u>1,270,000</u>	<u>1,270,000</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Share capital (Continued)

2021	2020
€	€

Called up share capital represents the nominal value of shares that have been issued.

25 Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

26 Profit and loss reserves

Profit and loss account represents cumulative gains and losses recognised in the profit and loss account, net of transfers to and from other reserves and dividends.

27 Operating lease commitments

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

	2021	2020
	€	€
Within one year	321,441	331,816
Between two and five years	1,161,264	1,192,389
In over five years	307,375	597,691
	<u>1,790,080</u>	<u>2,121,896</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Financial commitments, guarantees and contingent liabilities

In accordance with the provisions of Section 357(1(b)) of the Companies Act 2014, the company has irrevocably guaranteed all liabilities, commitments and losses of its subsidiary undertakings, Dornan Engineering Germany Limited and Kantor Energy (Ireland) Limited in respect of the financial year as are referred to in Part III, Section A, Paragraph 14 of that Act, for the purposes of enabling the subsidiary to claim exemption from the requirement to file its own financial statements.

Valuable security has not been provided by the company in respect of these guarantees. The above disclosure has been made merely to comply with statutory requirements concerning the filing exemption referred to, as in the opinion of the directors, the likelihood of crystallisation of the contingency is remote.

The company has provided guarantees in respect of certain construction contracts entered into by its subsidiary companies.

Borrowings and Security

As security for sums advanced the Governor and Company of the Bank of Ireland holds the following:-

- A fixed and floating charge over assets of the company and of Dornan Engineering Holdings Limited
- A cross company guarantee from Dornan Engineering Holdings Limited and its subsidiaries, Dornan Engineering Limited and Dornan Engineering Services Limited
- A counter indemnity from Dornan Engineering Holdings Limited and its subsidiaries in respect of all guarantees and bonds
- A cross company indemnity from Dornan Engineering Holdings Limited for Dornan Engineering Limited and Dornan Engineering Services Limited in respect of invoice discounting facilities
- Letters of indemnity from certain directors
- Debt purchase agreements in respect of invoice discounting facilities

Performance Bonds and Security

The company has provided warranties to customers in respect of contracts undertaken. These warranties are in turn supported by demand bonds and performance bonds which can be called on within certain agreed timescales. Bonds in place at year end covered maximum potential liabilities of €8,863,929 all expiring at different dates the latest being 24 March 2025.

29 Events after the reporting date

There have been no significant events affecting the company since the balance sheet date.

30 Related party transactions

The company has taken advantage of the exemption under FRS102 not to disclose certain intercompany transactions.

31 Comparative figures

In preparing the financial statements for 31 December 2021, if necessary, changes to the comparative figures may have been made to ensure consistency of the figure reported for 31 December 2021.

DORNAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

32 Net cash flows from operating activities

	2021	2020
	€	€
Profit for the year	1,514,338	17,687,937
Adjustments for:		
Corporation tax expense	3,026,708	2,651,845
Finance costs	178,160	86,216
Investment income	(224,130)	(53,851)
Gain on disposal of tangible fixed assets	(123,308)	(85,525)
Depreciation and impairment of tangible fixed assets	536,342	434,844
Amounts written off financial assets	16,075,213	-
Decrease/(increase) in stocks	3,746	(3,583)
Increase in debtors	(2,803,327)	(16,422,986)
(Decrease)/increase in creditors	(14,143,156)	12,115,927
Interest paid	(178,160)	(86,216)
Tax paid	(2,220,086)	(2,660,155)
Net cash flows from operating activities	<u>1,642,340</u>	<u>13,664,453</u>

33 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	€	€	€
Cash at bank and in hand	39,601,214	774,271	40,375,485
Bank overdrafts	(22,055)	5,129	(16,926)
	<u>39,579,159</u>	<u>779,400</u>	<u>40,358,559</u>
Obligations under finance leases	(591,409)	234,877	(356,532)
	<u>38,987,750</u>	<u>1,014,277</u>	<u>40,002,027</u>

34 Approval of financial statements

The directors approved the financial statements on the 18 May 2022