Real-Time Reports: Company Risk Detailed Analyses:

May 28 2024

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Ordered by Company Number

Bathgate Silica Sand Limited

Key Risks

- External pressures like rising electricity and fuel costs impacting financial performance
- Challenges in sand extraction due to varying depths of clay and overburden
- Managing significant ongoing capital investment projects to improve infrastructure, plant and equipment

Notable Changes

- Installation of a 400 tonnes/hour pumping system completed
- Four new dry sand silos being installed to improve finished product capacity
- Modifications made to existing equipment to improve traffic management
- 1MW Combined Heat and Power unit installed but not yet commissioned
- Plans to review installing a solar farm for site use to reduce carbon emissions further
- Addition of 6 electric vehicle charging points for company vehicles

Summary

Bathgate Silica Sand faced significant external cost pressures impacting profitability in the year, though demand for dried industrial sands remained strong. To address ongoing extraction challenges and improve operations, the company embarked on a major investment plan, completing some initiatives like a new pumping system, silo installations, and equipment modifications. An energy efficiency drive also saw a Combined Heat and Power unit installed, with plans to explore solar energy. While financial metrics like return on capital employed declined, the company appears to be proactively investing to strengthen its operational capabilities and sustainability for the long-term, despite challenges from the volatile operating environment.

Pedersen Contracting Services Ltd

Key risks

- Price risk due to global events impacting fuel, exchange rates, interest rates, material costs, staff costs and tax rates
- Liquidity risk related to ensuring sufficient funds for operations
- Credit risk from potential non-payment by customers

Notable changes

- Turnover decreased by 15.6% compared to the prior 16 month period, but grew 12.5% on an annualised basis
- Gross profit increased by 12.3%
- Operating profit increased by 44.3%
- Net current assets of £5,740 compared to net current liabilities of £28,234 in the prior period
- Hire purchase creditors nearly doubled to £2.5 million to fund vehicle purchases

Summary

Pedersen Contracting Services Ltd is a haulage and contracting company that was acquired in October 2021 by its parent Material Change Limited. After aligning its year-end, the company reported a 15.6% decrease in turnover for FY2023 compared to the prior 16 month period. However, on an annualised basis, turnover grew 12.5%.

The directors highlighted several key risks - price risk from global events impacting costs, liquidity risk in ensuring sufficient funds for operations, and credit risk from customer non-payment. Despite these risks, the company increased gross profit by 12.3% and operating profit by 44.3% year-over-year.

The balance sheet strengthened, moving from a net current liability position to net current assets of £5,740, though hire purchase creditors nearly doubled to £2.5 million to fund significant vehicle purchases.

Overall, while facing external risks, the company demonstrated improved operational performance and a stronger financial position in FY2023 compared to the prior period. The directors expressed confidence that the business is robust enough to manage the uncertainties ahead.

Red Paddle Co Limited

Key Risks

- Oversupply and overstock situation in the market leading to high levels of discounted products available to consumers
- Potential impact of exchange rate fluctuations on costs and earnings
- Competition from low-cost, low-quality products entering the market
- General economic climate affecting consumer demand

Notable Changes

- Significant decrease in sales from £19.2m to £7.5m due to overstock situation
- Reduction in gross profit from £7.3m to £3.0m
- Shift from profit of £3.1m in prior year to loss of £99k in current year
- High distributor/retailer orders in prior year led to overstock situation

Summary

Red Paddle Co Limited experienced a very challenging year with a significant decline in sales and profitability due to an overstock situation in the market. Excess inventory from the prior year's high orders led to widespread discounting, impacting the company's top-line. While continuing to invest in product development and marketing, the reduced gross profits directly impacted the bottom line, resulting in a loss for the year.

The overstock situation and general economic climate were identified as the greatest risks. Exchange rate volatility and low-cost competition were also highlighted as potential risks. However, the company's strategy remains focused on producing high-quality, innovative products backed by excellent service. Overall financial health appears sound with a strong net asset position, though the return to profitability will likely depend on clearing excess channel inventory.

Triage Services Limited

Key Risks

- Declining market for certain repair services as technology replacement becomes more economically viable than repair
- Pressure on organic growth and margins in shrinking market sectors
- Concentration risk from major customer(s)
- Provision for full write-off of amount owed by parent company (£4,447,610)
- One-time restructuring cost impacting profitability (£334,957)

Notable Changes

- 28% decrease in turnover from £2,396,436 to £1,722,125 due to reduced volumes from existing customers
- Operating loss increased from £138,548 to £494,556
- Exceptional restructuring cost of £4,782,567 incurred
- Loss after tax increased significantly from £129,471 to £4,922,287
- Fixed assets disposals of £285,092 for plant, machinery and equipment
- Provision for write-off of full amount owed by parent (£4,447,610)

Summary

Triage Services Limited, an IT repair and refurbishment company, faced significant challenges in the financial year ended March 31, 2023. The company experienced a 28% decline in turnover due to reduced volumes from existing customers, likely attributed to the increasing viability of technology replacement over repair in certain market sectors.

The company incurred a substantial operating loss of £494,556, exacerbated by a one-time restructuring cost of £334,957 related to realigning its core operations and personnel. Furthermore, the company made a full provision of £4,447,610 for the amount owed by its parent company, Triage Holdings Limited, citing uncertainty over its recoverability.

Consequently, Triage Services Limited reported a staggering loss after tax of £4,922,287, a significant increase from the previous year's loss of £129,471. The company also disposed of fixed assets worth £285,092, primarily comprising plant, machinery, and equipment.

Despite these challenges, the company remains optimistic about its future prospects, stating that it has aligned itself with growing market sectors and that increasing digitalization presents opportunities for sustainable and profitable growth. However, the company will need to navigate the risks associated with declining markets, pressure on organic growth and margins,

Global Machinery Solutions Limited

Key risks

- Foreign currency risk from operating domestically and overseas, though the company hedges certain cash flows
- Liquidity risk, though the company aims to have sufficient cash to fund operations without significant net debt
- Credit risk on trade receivables, though policies exist to ensure customers have good credit history and machinery is generally not released until payment is received
- Compliance risks such as failure to comply with legislative and regulatory requirements, business continuity risks, and risks from customer and competitor actions
- Impairment risk on machinery available for hire if carrying values exceed recoverable amounts

Notable changes

- Significant management changes during the year including new Managing Director, Operations Director, and expansion of the sales team
- The company encountered a challenging year with customers more cautious on capital equipment purchases due to inflation and interest rates
- Significant delays in delivery of goods from the Covid pandemic mostly unwound during the year
- Strong demand in the aftersales sector but a slowdown in capital equipment sales
- The company increased overheads in preparation for future growth, negatively impacting net profit

Summary

Global Machinery Solutions Limited is an importer and trader of industrial machinery. The key risks faced include foreign currency, liquidity, credit and compliance risks. Notable changes in the year included significant management turnover, challenging market conditions leading to a shift towards repair/refurbishment rather than new capital purchases, and increasing overheads in anticipation of future growth.

Despite the difficult trading environment, the company believes it has the right structure and management in place to weather the period. Tight controls exist around financial risks, though the impact of the challenging conditions is evident in the £960k loss before tax for the year. Maintaining sufficient liquidity will likely be a key focus area going forward.

Polyteck Building Services Limited

Key risks

- Competition risk: The company operates in a highly competitive market for building and maintenance services, with 70% of its work in the private sector and 30% in the public sector.
- Credit risk: There is a risk of financial loss due to customers failing to make payments.
- Interest rate risk: Recent increases in interest rates have impacted the company's operations, particularly during its growth phase.
- Liquidity risk: There is a risk of losses due to mismatches in the maturity of assets and liabilities.

Notable changes

- Significant growth in turnover, from £20.9 million in 2021 to £36.2 million in 2023 (18-month period).
- Increase in profit before tax, from £0.7 million in 2021 to £1.7 million in 2023.
- Improvement in financial position, with total shareholders' funds increasing from £4.9 million in 2021 to £6.1 million in 2023.
- Substantial investments made in resources and a modern fleet to accommodate increasing demand.

Summary

Polyteck Building Services Limited is a facilities management, property development, and general building contracting company that has experienced significant growth and success during the 18-month period ended June 30, 2023. The company's turnover and profit before tax increased substantially, driven by securing prestigious maintenance contracts. However, the company operates in a highly competitive market and faces risks related to competition, credit, interest rates, and liquidity.

To mitigate these risks, the company focuses on effective risk management, direct delivery model with a skilled workforce, and diversification across private and public sectors. The company has made substantial investments to accommodate increasing demand and maintain high standards, demonstrating a commitment to growth, excellence, and future success.

Overall, the company's financial position has improved, with stronger shareholders' funds and net current assets. The director is confident about controlled growth and profitability in the foreseeable future, aiming to strengthen the company's position by building on its current portfolio of contracts and expanding with existing and new clients.

KW Holdings Limited

Key risks

- Significant decrease in net asset value from £3,788,013 in 2022 to £644,388 in 2023, primarily due to a £3,143,625 impairment of investments.
- Liquidity risk arising from the company's operations as a holding company with limited cash flows.
- Valuation risk associated with the underlying value of the company's investments in subsidiaries.

Notable changes

- Net assets decreased by £3,143,625 (83%) from £3,788,013 in 2022 to £644,388 in 2023.
- Investments in group undertakings were impaired by £3,143,625 during the year.
- A waiver of intercompany debt of £3,623,837 was recognized as an exceptional gain in the prior year, with no similar gain in the current year.

Summary

KW Holdings Limited is a dormant holding company that did not trade during the year. Its key risk relates to the significant decrease in net asset value from £3,788,013 in 2022 to £644,388 in 2023, primarily driven by a £3,143,625 impairment charge against its investments in subsidiaries.

As a holding company with limited operations and cash flows, the company faces liquidity risk in meeting its obligations. Its principal risk is the potential for further decreases in the underlying valuation of its investments, which could necessitate additional impairment charges.

No dividends were paid during the year, and the company reported a loss of £3,143,625 compared to a loss of £1,198,499 in the prior year. The prior year's results included an exceptional gain of £3,623,837 from the waiver of intercompany debt, which did not recur in the current year.

Overall, the financial statements highlight the company's increased risk exposure due to the significant impairment of its investment portfolio and reduced net asset value. Close monitoring of subsidiary performance and valuation will be critical to mitigating further risks to the company's financial position.

Holroyd Precision Ltd

Key Risks

- Reliance on a limited number of niche industrial segments for revenue, though being part of a larger diversified group provides some mitigation
- Impacts from the Covid-19 pandemic, including market uncertainties and slowdown in equipment orders, though improving in 2023
- Financial risks including currency, credit, price, liquidity and interest rate risks
- Failure to continue investing in R&D, productivity improvements, training and quality could impact competitiveness

Notable Changes

- Turnover increased by 31% in 2023 due to sales contract phasing and increased capital investment orders as Covid-19 impact reduced
- Loss before tax increased by 186% in 2023 compared to 2022, driven by lower gross margins on some machine orders from increased material costs
- Net current liabilities position in 2023 compared to net current assets in 2022, due to reduction in work in progress and settlement of outstanding balances with group companies
- Increased focus on new Friction Stir Welding applications for electric vehicles as part of product strategy

Summary

Holroyd Precision Ltd is a manufacturer of specialised machine tools with a heavy export focus. While turnover rebounded in 2023 as Covid-19 impacts eased, profitability was impacted by increased material costs. The company faces risks typical of an exporter, including currency and credit risks, as well as over-reliance on certain niche industrial segments. However, being part of a larger group provides some diversification benefits. Continued investment in R&D, productivity and quality will be critical to maintain competitiveness. The notable growth into Friction Stir Welding applications for electric vehicles is a key part of the product strategy going forward.

Material Change Limited

Key Risks

- Market risk: The company relies on producing or sourcing feedstock for its anaerobic digestion plants at a cost that allows it to sell at a viable price. Fluctuations in feedstock input costs and the inability to pass these on to customers could erode margins.
- Liquidity risk: The company depends on borrowings from the parent company for cashflow needs during peak periods, indicating potential liquidity constraints.
- Credit risk: With a large trade debtors balance, the company faces credit risk from non-payment by customers.
- Dependence on parent company: The company relies on debt waivers and financing from the parent, Heathpatch Limited, indicating a lack of independent financial stability.

Notable Changes

- Significant increase in turnover from £15.8m to £29.0m and profits from £0.5m to £18.9m, driven by the sale of a subsidiary investment for £16.1m profit.
- Acquisition of Pedersen Contracting Services mitigating feedstock supply risk and reducing reliance on price-volatile fertilisers.
- Large dividend payment of £13.4m made to shareholders.
- Increase in provisions for onerous feedstock supply contracts from £0.6m to £0.1m (deferred tax liability).

Summary

Material Change Limited had an exceptional year with soaring profits, primarily due to the £16.1m gain on sale of a subsidiary. However, the core anaerobic digestion business faces significant market, liquidity and credit risks. Input cost volatility for feedstock and reliance on the parent for financing are key vulnerabilities. While the Pedersen acquisition boosts feedstock security, the company remains heavily dependent on the parent entity and exposed to customer non-payment risks from its large debtors balance. Prudent risk management, diversification of funding sources and robust credit control measures are advisable to ensure sustainable profitability.

Triage Holdings Limited

Key risks

- Significant impairment of £4,447,610 recognized on the investment in the subsidiary, Triage Services Limited, indicating potential issues with the subsidiary's performance or value.
- The company had net current liabilities of £5,000 as of March 31, 2023, which could indicate liquidity concerns.
- The company is a holding company and is dependent on the performance of its subsidiary, Triage Services Limited, which reported a loss of £4,922,287 for the year.

Notable changes

- Change in directors during the year, with P Yallop and S Sharma resigning on June 29, 2022, T Gunn appointed on the same date, and D S Jhaveri and J R Croyden appointed later.
- Significant impairment of £4,447,610 recognized on the investment in the subsidiary, Triage Services Limited.

Summary

Triage Holdings Limited is a holding company with a wholly-owned subsidiary, Triage Services Limited, which is engaged in IT repair services, refurbishment, and niche hardware sales. The company recognized a significant impairment of £4,447,610 on its investment in the subsidiary during the year, indicating potential issues with the subsidiary's performance or value. Additionally, the company had net current liabilities of £5,000 as of March 31, 2023, which could indicate liquidity concerns.

The subsidiary, Triage Services Limited, reported a loss of £4,922,287 for the year, which is likely the primary reason for the impairment recognized by the holding company. As a holding company, Triage Holdings Limited's performance is heavily dependent on the performance of its subsidiary.

There were also changes in the composition of the Board of Directors during the year, with some resignations and new appointments.

Overall, the report highlights significant risks and challenges faced by the company, primarily due to the poor performance of its subsidiary and the impairment recognized on its investment. The company's liquidity position and its dependence on the subsidiary's performance are areas of concern that require close monitoring and potential corrective actions.

Fourteen IP Network Services Limited

Key risks

- Dependency on parent company (Fourteen IP Group Limited)
- Potential legal disputes or settlements similar to the previous year's £137,318 legal settlement expense
- Concentration of customers or suppliers in the hotel communication solutions industry
- Fluctuations in revenue and profitability year-over-year

Notable changes

- Significant improvement in profitability, with a profit of £27,178 in 2023 compared to a loss of £121,062 in 2022
- No exceptional expense recorded in 2023, while 2022 had a £137,318 legal settlement expense
- Increase in amounts owed by group undertakings (£150,470 in 2023 vs. £25,698 in 2022)
- Decrease in trade creditors (£118,041 in 2023 vs. £42,004 in 2022)

Summary

Fourteen IP Network Services Limited, a provider of hotel communication solutions, experienced a remarkable turnaround in its financial performance in 2023. The company reported a profit of £27,178, in stark contrast to the previous year's loss of £121,062. This improvement can be attributed to the absence of the significant legal settlement expense of £137,318 incurred in 2022, indicating a resolution of potential legal disputes.

However, the company's close relationship with its parent company, Fourteen IP Group Limited, introduces a degree of risk, as its financial performance and operations may be influenced by the parent's decisions and strategies. Additionally, the concentration of its business in the hotel communication solutions industry could expose the company to risks associated with fluctuations in demand or changes in the industry landscape.

It is notable that the company's amounts owed by group undertakings increased substantially, from £25,698 in 2022 to £150,470 in 2023, suggesting a potential shift in the company's financial dynamics with its parent or related entities. Conversely, the decrease in trade creditors from £42,004 to £118,041 may indicate improved cash flow management or a change in supplier relationships.

Overall, while the financial turnaround in 2023 is encouraging, the company should remain vigilant about potential legal risks, industry-specific challenges, an

Vian Marketing Limited

Key risks

- Overstock situation in the market leading to discounted products and reduced sales volumes
- Exchange rate fluctuations impacting margins when earnings are translated back to Sterling
- Timing mismatches between purchases and sales leading to potential transactional exchange differences
- Increased competition from cheap, lower quality products in the SUP market

Notable changes

- Sales for the main trading subsidiary Red Paddle Co Limited decreased significantly from £19.2m to £7.5m
- Gross profit for Red Paddle Co Limited decreased from £7.3m to £3.0m
- Red Paddle Co Limited made a loss of £99k for the year (prior year was profitable)

Summary

Vian Marketing Limited, the holding company for the Red Paddle Co group, experienced a very challenging year with significant decreases in sales and profit for its main trading subsidiary. This was primarily driven by an overstock situation in the market, leading to high levels of discounted products available and reduced sales volumes. Exchange rate fluctuations also impacted margins when translating earnings back to Sterling.

While the company continued investing in product development and marketing, the reduction in gross profit had a direct impact on the bottom line for Red Paddle Co. The cheap competition at the lower end of the stand up paddle board market remains an ongoing risk.

Overall, the overstock issues and general economic climate posed the greatest risks during the year. However, the company views these as temporary factors and remains confident in its strategy of producing high quality, innovative products backed by excellent service to differentiate itself from cheaper competitors. Diversification into a wider product range also helps mitigate the risks.

Fleetmill Holdings Ltd

Key risks

- Significant increase in cost of sales (up 55% year-over-year) which could impact future profitability if not managed
- Increasing trade creditors (up 99% year-over-year), indicating potential liquidity/cash flow challenges
- Concentration risk with related party loans comprising a material portion of debtors
- Lack of detail on nature of "other debtors" which increased 43% year-over-year

Notable changes

- Turnover increased by 44% year-over-year
- Operating profit decreased by 59% despite revenue growth
- Significant increase in stocks by 25%
- Trade debtors more than doubled
- Trade creditors nearly doubled

Summary

Fleetmill Holdings Ltd experienced strong revenue growth of 44% in the latest fiscal year. However, profitability was negatively impacted as cost of sales increased at a higher rate of 55%, resulting in a 59% decrease in operating profits. The increase in cost pressures will need to be monitored closely.

The balance sheet indicates some potential liquidity risks with trade creditors nearly doubling while trade debtors also increased significantly. The large increase in "other debtors" comprised mainly of related party loan balances adds concentration risk. Continuing to grow the topline will be key to funding working capital needs.

Overall, while the company achieved impressive revenue growth, margins were compressed and there are signs of potential liquidity strains that will require active management, particularly of operating costs, creditors, and receivables. Enhancing financial flexibility through effective working capital management will be critical for sustaining growth going forward.

Wellbore Integrity Solutions UK Limited

Key risks

- Intense competition in the oil and gas industry market
- Impact of recent cost inflation pressures on margins and profitability
- Credit risk from individual customers facing financial difficulties, impacting cash flow
- Compliance risks and potential penalties/litigation from non-compliance with legal and regulatory requirements

Notable changes

- 24% decrease in turnover from £18.5m in 2021 to £14.0m in 2022, largely due to completion of large one-off projects in prior year
- Gross profit margin improved from 24% to 26% despite revenue decline, due to good management of direct costs
- Administrative expenses increased by 3% to £4.08m
- Net profit declined from £0.45m in 2021 to a £0.44m loss in 2022

Summary

Wellbore Integrity Solutions UK Limited experienced a decline in revenue in 2022 compared to the strong prior year, with turnover falling 24% to £14.0m. This was primarily driven by the completion of significant one-off projects in 2021 as well as project cancellations and delays in 2022 impacting the Red Baron business unit. However, effective cost management resulted in the gross profit margin improving from 24% to 26%.

Administrative costs rose modestly by 3%, contributing to the company reporting a net loss of £0.44m after a £0.45m profit in 2021. Performance varied between divisions, with Red Baron revenues down but DRILCO experiencing a 31% increase in manufacturing activity.

Looking ahead, management remains optimistic about future growth opportunities, particularly from emerging areas like carbon capture projects and the broader recovery in oil and gas activity. However, key risks include intense competition, inflationary cost pressures impacting margins, customer credit issues affecting cash flow, and compliance risks from penalties or litigation. Overall financial position remains solid to navigate these challenges.

FORESIGHT ADVISORS LIMITED

Key risks

- Funding: While adequate provisions have been made for at least 5 years of autonomous operation, the company's funding status and need for additional financing should be monitored.
- Technology: Potential technological challenges require ongoing testing and risk mitigation strategies.
- Compliance: Ensuring stringent compliance with regulations across all jurisdictions of operation.
- Supplier and Payment Controls: Risks related to supplier relationships and payment approvals.
- Customer Selection: Adverse selection of customers poses risks that must be mitigated through thorough screening processes.

Notable changes

- Regulatory changes in the UK have necessitated a reevaluation of customer engagement strategies and support staff locations.
- Consideration of transitioning from a customer-facing portal to a more secure distribution model to enhance data protection and customer confidentiality.

Summary

Foresight Advisors Limited is a nascent investment management firm that obtained its FCA licensing in 2023. Throughout the year, the company focused on establishing robust processes, controls, and business partnerships to underpin its operations. While in an early stage with limited risk exposure, the company has identified and implemented strategies to mitigate potential risks related to funding, technology, compliance, supplier relationships, and customer selection.

The company demonstrated prudent financial management, yielding a net profit bolstered by fruitful banking partnerships. However, recent legislative changes in the UK have prompted a reassessment of customer engagement strategies and support staff locations to maintain competitiveness and value proposition.

As the company progresses towards customer onboarding, it remains committed to upholding high standards of business conduct, fostering a fair and supportive work environment, and adhering to environmental and community standards. Overall, Foresight Advisors Limited has laid a solid foundation for its operations while proactively addressing potential risks and adapting to evolving market conditions.

Luddon Construction Limited

Key risks

- Managing ongoing material inflation-related price increases
- Recruitment and retention of staff and labour resources
- Potential impact of UK economic volatility on tendering opportunities and contract awards

Notable changes

- Significant increase in turnover to £144.2 million (2022 - £117 million)
- Net profit after tax increased to £3.7 million (2022 - £2.0 million)
- Gross profit and net profit margins remain healthy
- Diversification into targeted market sectors including infrastructure, power, renewables, retail, leisure, transport, and manufacturing

Summary

Luddon Construction Limited has reported a strong financial performance for the year ended 31 August 2023, with substantial increases in turnover and profitability. The company has successfully diversified into various market sectors, contributing to its growth. However, the directors have highlighted ongoing material inflation and staff recruitment/retention as key risks to be managed in the upcoming year. Despite the volatile UK economic conditions, the company has maintained a healthy order book and tendering opportunities across its target sectors. The directors remain cautiously optimistic about maintaining comparative profit margins in the following year, although the operating environment is expected to remain challenging.

Melville Independent Plc

Key risks

- Regulatory changes and industry factors outside the company's control
- Retention of key staff
- Decline in new business conditions leading to reduced revenue
- Reliance on a few key individuals with longstanding experience

Notable changes

- One director departed during 2023 as part of management restructuring
- Reduction in the number of registered individuals from prior year
- Revenue declined from £3.8m to £2.9m primarily due to more restrictive new business conditions
- However, ongoing income increased from £1.8m to £2.0m providing a stronger recurring base

Summary

Melville Independent Plc is an established independent financial advisor facing some headwinds in 2023. Revenue declined due to challenging new business conditions, though ongoing income from funds under management increased providing a more stable recurring base.

A key risk is the company's exposure to regulatory changes and broader industry factors outside its control. Staff retention is also highlighted as a risk, with one director departing and a reduction in the overall number of registered individuals during the year.

Despite the revenue decline, the company maintained a high level of capital and reserves to manage fluctuations. The directors view the results as satisfactory and expect growth going forward, though this will likely depend on adapting to industry conditions, managing costs, and retaining key personnel with longstanding client relationships. Continued focus on high quality advice and client services will be important to drive new business activity.