Registered number: 00270273

R.G. Carter Limited

Financial Statements

For the Year Ended 31 December 2021

R.G. Carter Limited

Company Information

Directors	MD Rackham P Cushing JJ Dicks AC Mackay
Company secretary	RJ Alflatt
Registered number	00270273
Registered office	9 Drayton High Road Drayton Norwich Norfolk NR8 6AH
Independent auditor	KPMG LLP Chartered Accountants & Statutory Auditor Botanic House 100 Hills Road Cambridge Cambridgeshire CB2 1AR

Strategic Report
For the Year Ended 31 December 2021

Business review

The turnover achieved for 2021 has shown an increase of just over 40% when compared with 2020's turnover. This reflects a return to nearer 'normal' operating conditions.

Revenue for the year ended 31 December 2021 was £45.0 million which is an increase of £13 million on 2020. This improvement is the result of being able to return to normal working practises on sites following the previous COVID-19 impacts that the industry faced. The return to a higher turnover has allowed us to make a pre-tax profit of £3.4 million (2020 - pre-tax loss of £2.2 million).

Net assets of the Company for the year ended 31 December 2021 were £4.0 million with £12.1 million of cash at bank and in hand, a positive movement of £4.1 million since 2020.

The Company continues to offer a broad range of construction services to a diverse client base across the region in all sectors.

The impacts of COVID-19, as well as Brexit, led to uncertainty in the marketplace in respect of timing for new projects to commence. Several paused or delayed projects have now commenced resulting in a good order book of work for 2022.

Whilst the most severe restrictions placed upon us in respect of the COVID-19 situation seem to be subsiding, we are currently faced with price inflation to levels not seen for many years. Given our relationship with clients, consultants and suppliers we remain confident that we are well positioned within the industry to perform well during 2022 and beyond.

The Directors are pleased to report an excellent order book of work for 2022 and many exciting opportunities are present in the marketplace which we are discussing with our existing clients and future ones.

Principal risks and uncertainties

One of the key areas of the Company's business strategies is its ability to identify and manage effectively the risks to its business and operations. The Company's approach, through its Integrated Management Systems, is to identify the key risks and then assess the effectiveness of controls to mitigate the impact and likelihood of these risks occurring. The principal risks are set out below, together with a summary of the actions taken to mitigate each risk.

Economic climate

The Company considers the effect of the current economic climate on contractual terms and conditions, availability of labour resources and potential volatility in procuring materials.

To mitigate against this, the Company works with a broad and diverse range of clients, who themselves operate across a number of different markets.

Health and safety and environmental impact

The Company's business is inherently complex and requires monitoring and management of health, safety and environmental risks.

Processes are in place to minimise these risks and are monitored by a Company resource in accordance with OHAS18001 and ROSPA standards.

Legal and regulatory

The Company is subject to a number of legal and regulatory requirements which are monitored and any new developments responded to.

Contracts entered into by the Company are subjected to a review process to ensure that risks are identified and, where necessary, appropriate processes are put in place to mitigate those risks.

Project delivery

The Company has many projects at any point in time and the risks that the Company is exposed to are dependent on the nature of the work undertaken.

Projects in progress are managed through the Company's operating structure and procedures. Risks are monitored and updated by dedicated project teams.

Reputation and business conduct

The Company's ability to tender for new work is dependent on its relationship with its customers and other stakeholders.

The Company monitors performance through customer feedback and complies with the Bribery Act 2010.

Geo-political impact

The construction industry continues to face uncertainties because of impacts of COVID-19, Brexit and geo-political conflicts in Ukraine, resulting in continued volatility in availability of labour and materials, and cost inflation. The Directors considers these uncertainties will continue for the foreseeable future and steps have been taken to review the length of contracts undertaken ensuring back-to-back arrangements with its supply chain.

Financial risk management objectives and policies

In common with other businesses, the company aims to minimise financial risk. The measures used by the Directors to manage this risk include the preparation of profit and cash flows forecasts and regular monitoring of actual performance against these forecasts. Contracts are closely monitored to keep the risk of bad debts to a minimum. The Group monitors the financial strength of the Banks, with which it does business, to help minimise the risk to the Group's cash reserves of a bank failing.

Financial and non-financial key performance indicators

In addition to the monitoring of contracts on an individual basis, the Directors regularly use key performance indicators (KPI's) to monitor the financial position of the Company together with non-financial indicators. These include:

	2021 £	2020 £
Gross profit	6,207,000	745,000
Profit/(loss) before tax	3,361,000	(2,226,000)
Cash at bank and in hand	12,123,000	7,990,000
Staff (decrease)	(9.47%)	(25.20%)

The Directors are pleased to report that for the KPI's of gross profit, net profit and cash at bank and in hand the Company has achieved satisfactory results.

This report was approved by the board on 20 June 2022 and signed on its behalf.

RJ Alflatt
Secretary

Directors' Report
For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,721,000 (2020 - loss £1,819,000).

Dividends of £1,750,000 were paid during the year (2020 - £Nil).

The Company made no political or charitable contributions during the year (2020 - £Nil).

Directors

The Directors who served during the year were:

MD Rackham
P Cushing
JJ Dicks
AC Mackay

Qualifying third party indemnity provisions

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' Report (continued)
For the Year Ended 31 December 2021

Matters covered in the Strategic Report

Under S414c(ii) of the Companies Act 2006, the following information is included in the Strategic Report:

- A review of the business including developments in the year, its performance and current position;
- A summary of the principal risks and uncertainties affecting the position of the Company; and
- Information relating to the KPI's of the Company.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 June 2022 and signed on its behalf.

RJ Alflatt
Secretary

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R.G. CARTER LIMITED

Opinion

We have audited the financial statements of R.G. Carter Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

KPMG

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited perceived pressure on management to achieve an expected revenue or profit target ad limited opportunity to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery recognising the governmental nature of many of the Group's customers, employment law, environmental legislation, building regulations, and certain aspects of company legislation recognising the nature of the Group's activities and legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 an auditor's 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

KA Dunn

Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
Cambridgeshire
CB2 1AR

29 June 2022

Statement of Income and Retained Earnings
For the Year Ended 31 December 2021

	Note	2021 £000	Represented * 2020 £000
Turnover	4	**44,959**	31,926
Cost of sales		**(38,752)**	(31,181)
Gross profit		**6,207**	745
Administrative expenses		**(3,177)**	(3,304)
Other operating income	5	**52**	267
Operating profit/(loss)	6	**3,082**	(2,292)
Income from participating interests		**250**	-
Income from fixed assets investments		**9**	8
Interest receivable and similar income	11	**20**	58
Profit/(loss) before tax		**3,361**	(2,226)
Tax on profit/(loss)	12	**(640)**	407
Profit/(loss) after tax		**2,721**	(1,819)
Retained earnings at the beginning of the year		**2,634**	4,453
		2,634	4,453
Profit/(loss) for the year		**2,721**	(1,819)
Dividends declared and paid		**(1,750)**	-
Retained earnings at the end of the year		**3,605**	2,634

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

* See the basis of preparation of the financial statements for details of the representation.

The notes on pages 12 to 28 form part of these financial statements.

R.G. Carter Limited
Registered number:00270273

Statement of Financial Position
As at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	13		**513**		560
Investments	14		**213**		213
			726		773
Current assets					
Debtors: amounts falling due after more than one year	15	**397**		3,300	
Debtors: amounts falling due within one year	15	**5,943**		4,616	
Cash at bank and in hand	16	**12,123**		7,990	
		18,463		15,906	
Creditors: amounts falling due within one year	17	**(14,495)**		(13,881)	
Net current assets			**3,968**		2,025
Total assets less current liabilities			**4,694**		2,798
Provisions for liabilities					
Deferred tax	18	**(28)**		(3)	
Other provisions		**(900)**		-	
			(928)		(3)
Net assets			**3,766**		2,795
Capital and reserves					
Called up share capital	20		**161**		161
Profit and loss account	21		**3,605**		2,634
			3,766		2,795

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20 June 2022.

MD Rackham
Director

The notes on pages 12 to 28 form part of these financial statements.

1. General information

The Company is a private Company limited by shares, registered in England and Wales.

The address of the registered office is 9-11 Drayton High Road, Drayton, Norwich, Norfolk, NR8 6AH and its principal place of business is in the United Kingdom.

The principal activity of the Company is that of building contractors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Change in format of the Statement of Income and Retained Earnings

In the prior year, staff costs and depreciation were shown separately below gross profit, and administrative costs were shown within cost of sales. The Directors have elected to change the presentation in the current year as they have determined that this provides a more relevant and reliable presentation of the nature of the expenses, in accordance with FRS 102. The adjustment required in the year ended 31 December 2020 to present items of expense comparably, increased cost of sales by £1,219,000 and decreased administrative expenses by £1,219,000.

Presentation of construction contracts

During the year the presentation of turnover, cost of sales, amounts recoverable on long term contracts and payments received on account were revised to better align with the reporting requirements of FRS 102.

All adjustments have taken place during the year, as the amounts were not deemed material to represent in the prior year.

The impact of this on the financial statements in the current year is as follows:

	£ Increase/(decrease)
Turnover	18,000
Cost of sales	18,000
Amounts recoverable on long term contracts	1,458,000
Payments received on account	558,000
Provisions	900,000

2. Accounting policies (continued)

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of R.G. Carter Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors of R.G. Carter Holdings Limited have prepared a Group cash flow forecast to December 2023 which indicates that the Group will have sufficient funds to support the Company, to meet its liabilities as they fall due for that period, including not seeking repayment of the amounts currently due to the Group.

R.G. Carter Holdings Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the Group forecast. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

R.G. Carter Holdings Limited has conducted a reverse stress test on the ability of the Group to continue as a going concern which the Directors have reviewed. This assumes that the Group generates no revenue and assumes no changes to its fixed cost base for the period ending 31 December 2023. This shows that even when applying the reverse stress test scenario the Group would still be able to meet its liabilities as they fall due for the forecast period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Revenue

Turnover comprises revenue recognised in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts.

Turnover includes the value of short and long term contracts carried out during the year from a variety of commercial projects. Invoices for short term contracts are raised as the work progresses and turnover is recognised accordingly. Turnover for long term contracts is measured as costs incurred to their stage of completion plus attributable profit. The amount of profit attributable to the stage of completion of each long term contract is calculated and recognised when the outcome can be foreseen with reasonable certainty. Provision is made for any losses which are foreseen, these are recognised in cost of sales.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company participates in the R.G. Carter Limited and Associated Companies Pension Fund. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 20% striaght line
Motor vehicles	- 20 - 25% straight line
Office equipment	- 15% straight line
Computer equipment	- 25 - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their presnt location and condition.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.14 Construction contracts

Contracts in progress are stated at prime cost plus contracting overheads, account being taken of profits accrued to date on long term contracts and provisions for losses, including estimated future losses being deducted where appropriate.

Contracts awarded since the year end but for which there has been prior agreement to tender are included in contracts in progress and, where appropriate, provisions have been made in respect of any losses anticipated on such contracts.

Claims receivable arising on contracts are normally taken to profit when agreed and paid.

Progress payments received and receivable attributable to the value of contracts are deducted in presenting the amounts recoverable on contracts in the financial statements. Progress payments and amounts in excess of contract values are stated separately.

The gross amounts due from customers for contract work are presented as amounts recoverable on contracts within debtors. The gross amount due to customers for contract work are presented as payments on accounts within creditors.

2.15 Debtors

Trade debtors which are receivable within one year are measured at the transaction price less any impairment losses.

A provision for impairment of trade debtors is established and recognised in profit and loss when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash and deposit accounts with a short maturity of twelve months or less from the date of deposit that are subject to an insignificant risk of change in value.

2.17 Creditors

Short-term creditors are measured at the transaction price less any amounts settled.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.19 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Income and Retained Earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at a board meeting.

3. Judgements in applying accounting policies 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. 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Using the information available at the balance sheet date, the Directors make judgements based on experience on the level of provisions required for impairment of stock and trade debtors. Further information received after the balance sheet may impact on the level of provisions required.

The Directors also make judgements regarding construction contracts in accordance with the accounting policy Construction Contracts noted above. These include the assessment of profits, losses and the timing of contract completion.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Building and contracting services	**44,959**	31,926
	44,959	31,926

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Furlough	**5**	244
Net rents receivable	**23**	23
Sundry income	**24**	-
	52	267

6. Operating profit/(loss)

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

	2021 £000	2020 £000
Other operating lease rentals	**128**	181
Depreciation of tangible fixed assets	**49**	53
Profit on disposal of tangible fixed assets	**(2)**	(7)
Impairment of trade debtors	**(2)**	173

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**40**	40

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	**3,607**	3,664
Social security costs	**431**	355
Cost of defined contribution scheme	**311**	451
	4,349	4,470

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Site staff	**67**	56
Adminstrative staff	**15**	35
Directors	**4**	4
	86	95

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	**416**	406
Company contributions to defined contribution pension schemes	**59**	84
	475	490

During the year retirement benefits were accruing to 4 Directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £114,000 (2020 - £110,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £16,000 (2020 - £NIL).

10. Income from investments

	2021 £000	2020 £000
Income from current asset investments	**(9)**	(8)
	(9)	(8)

11. Interest receivable

	2021 £000	2020 £000
Other interest receivable	**20**	58
	20	58

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**635**	(395)
Adjustments in respect of previous periods	**(20)**	(14)
	615	(409)
Total current tax	**615**	(409)
Deferred tax		
Origination and reversal of timing differences	**24**	2
Changes to tax rates	**1**	-
Total deferred tax	**25**	2
Taxation on profit/(loss) on ordinary activities	**640**	(407)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	**3,361**	(2,226)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**639**	(423)
Effects of:		
Expenses not deductible for tax purposes	**55**	33
Capital allowances for year in excess of depreciation	**(4)**	-
Adjustments to tax charge in respect of prior periods	**(3)**	(14)
Other timing differences leading to an increase (decrease) in taxation	**2**	-
Non-taxable income	**(1)**	(3)
Dividends from UK companies	**(48)**	-
Total tax charge for the year	**640**	(407)

12. Taxation (continued)

Factors that may affect future tax charges

On 24 May 2021 an increase to the UK tax rate to 25% from 1 April 2023 was substantively enacted. This will have a consequential effect on the Company's future tax charge.

The deferred tax balances have been calculated at the balance sheet date using the rate of 25% (2020 - 19%).

13. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 January 2021	**614**	**923**	**249**	**373**	**2,159**
Additions	**-**	**-**	**-**	**13**	**13**
Transfers intra group	**-**	**(31)**	**10**	**2**	**(19)**
Disposals	**-**	**-**	**(54)**	**-**	**(54)**
At 31 December 2021	**614**	**892**	**205**	**388**	**2,099**
Depreciation					
At 1 January 2021	**125**	**877**	**249**	**348**	**1,599**
Charge for the year on owned assets	**12**	**21**	**-**	**16**	**49**
Transfers intra group	**-**	**(20)**	**10**	**2**	**(8)**
Disposals	**-**	**-**	**(54)**	**-**	**(54)**
At 31 December 2021	**137**	**878**	**205**	**366**	**1,586**
Net book value					
At 31 December 2021	**477**	**14**	**-**	**22**	**513**
At 31 December 2020	489	46	-	25	560

14. Fixed asset investments

	Investments in associates £000	Listed investments £000	Total £000
Cost or valuation			
At 1 January 2021	**11**	**202**	**213**
At 31 December 2021	**11**	**202**	**213**

At 31 December 2021 the fair value of trade invesments was £202,000 (2020 - £202,000).

Joint venture

The following was a joint venture of the Company:

Name	Principal activity	Holding
C&H Quickmix Limited	Construction	50%

C&H Quickmix Limited's registered office is 9-11 Drayton High Road, Drayton, Norwich, Norfolk, NR8 6AH.

15. Debtors

	2021 £000	2020 £000
Due after more than one year		
Amounts owed by group undertakings	-	3,300
Amounts recoverable on long-term contracts *	**397**	-
	397	3,300

	2021 £000	2020 £000
Due within one year		
Trade debtors	**3,857**	2,399
Amounts owed by group undertakings	**347**	162
Other debtors	**13**	1,060
Prepayments and accrued income	**201**	111
Amounts recoverable on long-term contracts *	**1,525**	884
	5,943	4,616

15. Debtors (continued)

* Amounts were represented during the year. See the basis of preparation note for details.

16. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**12,123**	7,990
	12,123	7,990

17. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Payments received on account *	**5,317**	3,818
Trade creditors	**5,128**	5,644
Amounts owed to group undertakings	**1,703**	1,391
Corporation tax	**27**	-
Other taxation and social security	**202**	173
Other creditors	**63**	-
Accruals and deferred income	**2,055**	2,855
	14,495	13,881

* Amounts were reclassified from payments received on account to provisions during the year. See the basis of preparation note for details.

18. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**(3)**	(1)
Charged to profit or loss	**(25)**	(2)
At end of year	**(28)**	(3)

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Short term timing differences	**(28)**	(3)
	(28)	(3)

A deferred tax asset, relating to fixed asset timing differences of £72,000 (2020 - £60,000) has not been recognised as it is unlikely that, for the foreseeable future, it will be recovered against the reversal of deferred tax liabilities or other taxable profits.

19. Provisions

	Provisions for long term contracts £000
Opening balance reclassified from creditors *	893
At 1 January 2021 (adjusted balance)	893
Charged to profit or loss *	7
At 31 December 2021	**900**

* Amounts were reclassified from payments received on account to provisions during the year. See the basis of preparation note for details.

Provisions for long term contracts include loss provisions, and defect and warranty provisions on construction contracts. There is a latent defect period for which the provision is held, but where there are known identified issues then the provision may be required to cover rectification work over a more extended period.

20. Share capital

	2021 £000	2020 £000
Authorised		
165,000 (2020 - 165,000) Ordinary shares of £1.00 each	**165**	165
Allotted, called up and fully paid		
160,918 (2020 - 160,918) Ordinary shares of £1.00 each	**161**	161

21. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

In accordance with FRS102, an amount of £179,000 (2020 - £179,000) representing unrealised profits on the revaluation of listed investments is included within this reserve.

22. Contingent liabilities

The Group bank account is in the name of R.G. Carter Construction Group. As a result certain subsidiary undertakings have jointly and severally entered into a bank guarantee in respect of these overdraft facilities. As at 31 December 2021 the aggregate overdraft balances within the Group were £5,356,000 (2020 - £2,796,000) however due to the right of set off, there was no net overdrawn balance at the period end (2020 - £Nil).

Various subsidiary undertakings of the R.G. Carter Construction Group have entered into guarantees to certain other banks in respect of overdraft facilities for Companies within the R.G. Carter Construction Group; there were no overdrafts under these facilities at 31 December 2021 (2020 - £Nil).

The Company was also contingently liable in respect of any claim which may arise out of performance bonds and other arrangements entered into in the ordinary course of business.

23. Pension commitments

The Company operates a defined benefit scheme, the R.G. Carter Limited and Associated Companies Pension Fund, that has ceased future accrual. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme due to its multi-employer status and accordingly accounts for the scheme as if it were a defined contribution scheme.

An updated valuation of the scheme at 31 December 2019 indicated that the scheme was 82% funded. This valuation has measured scheme assets at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method.

The Group also operates a defined contribution pension scheme for certain designated site and staff positions. The assets are held independently from those of the Group in individual members' funds. The Company's contributions charged for the year to 31 December 2021 were £311,000 (2020 - £521,000).

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	**115**	136
Later than 1 year and not later than 5 years	**43**	124
	158	260

25. Related party transactions

R.G. Carter Limited holds a 50% beneficial interest in the issued share capital of C&H Quick-Mix Limited.

During the year the Company made purchases of £110,000 (2020 - £41,000) from, and sales of £Nil (2020 - £Nil) to C&H Quick-Mix Limited.

At 31 December 2021 the Company was owed £Nil (2020 - £Nil) by, and owed £Nil (2020 - £6,000) to C&H Quick-Mix Limited.

During the year the Company received a dividend from C&H Quick-Mix Limited of £250,000 (2020 - £Nil).

26. Controlling party

The parent undertaking of the Company is R.G. Carter Construction Limited and the ultimate parent undertaking is R.G. Carter Holdings Limited, both of which are incorporated in England and Wales. The registered office of both Companies is 9-11 Drayton High Road, Drayton, Norwich, Norfolk, NR8 6AH.

The ultimate controlling party is Mr RG Carter.