

Company Registration No. 00533082 (England and Wales)

# **WARDEN CONSTRUCTION LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2019**



## WARDEN CONSTRUCTION LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Mr R D Kenworthy Mr A A Atkinson MRICS Mr I F Williams Mrs K E Browne MBA Mr A P J Wood Mr M H Thomson	(Appointed 1 October 2019) (Appointed 6 April 2019)
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<b>Secretary</b>	Mr R D Kenworthy
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<b>Company number</b>	00533082
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<b>Registered office</b>	Damar House Richard Street Kirkham Preston PR4 2HU
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<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP
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## **WARDEN CONSTRUCTION LIMITED**

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## **WARDEN CONSTRUCTION LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 30 NOVEMBER 2019**

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The directors present the strategic report for the year ended 30 November 2019.

#### **Fair review of the business**

The principle activity of the company was that of the erection and alteration of industrial and commercial buildings.

Following the record level of turnover achieved in 2018, the year to the end of November 2019 saw a 16% increase in turnover, with the total value of work undertaken amounting to £26m. The delays to starts on several secured projects continued into 2019, which has enhanced the order book for 2020 and beyond. The directors were encouraged by another increase in operating profit which sees it moving towards the consistent level of previous years. The directors consider that the strategy of transitioning the Company into different sector project and client types has proven effective.

Our award winning ethos was further evidenced in 2019, with two key projects nominated for both RICS and LABC awards. The restoration project at Stoneyhurst College won a prestigious LABC award in the educational buildings category.

Projects delivered in 2019 included several on established frameworks for Manchester University, Manchester Airport, Lancashire County Council and a new car showroom for Volvo in Preston. Key projects ongoing include a five star hotel in Blackpool, 291 bed student accommodation project in Sheffield, a medical centre and a large heritage restoration project in Chester for the Duke of Westminster. Projects ongoing and completed in 2019 have continued to attract excellent feedback from clients.

The main charitable causes supported by the Company and our staff during 2019 were the RNLI and Amazing Grace Soup kitchen in Blackpool. Sponsorship and donations generated amounted to in excess of £20k.

The continued inconsistent spend through the framework contracts that the Company is appointed to remains frustrating. However, we were successfully appointed to 4 new frameworks in 2019 taking the total to 21 framework contracts and these new frameworks have demonstrated encouraging levels of proposed output.

Lancashire County Council (renewal)  
Northwest Construction Hub – Medium Value  
Crescent Purchasing Consortium  
Manchester City Council Small Works Framework

The current frameworks' allocations contribute to our strong order book which is at a record level, exceeding £32m for 2020 and a similar level already for 2021.

Looking forward, the directors are encouraged that both public and private sector construction have positive forecasts regarding output in 2020 and 2021, now that some of the political uncertainty in 2019 has been resolved. Our strategy of positioning ourselves to compete for public and private sector projects during 2019 for framework bids and development proposals should now lead to good opportunities for 2020 and beyond.

#### **Principal risks and uncertainties**

The directors consider the principal risks and uncertainties to be those commonly associated with the construction industry, in particular, economic uncertainties, health and safety and environmental issues. Such matters are at the forefront of the operations of the business. The directors are aware of the need to provide a quality service to the customer base at a competitive price.

Further risks regarding the effect of the Coronavirus have been described in the going concern review in note 1.2.

## **WARDEN CONSTRUCTION LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2019**

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#### **Financial risk**

The company makes little use of financial instruments other than an operational bank account so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position or profit or loss of the company.

#### **Key performance indicators**

The turnover in the company increased from £22.6m to £26.2m in the year (15.9% increase), whilst gross profit increased from £1.81m to £2.19m in the year (20.8% increase) as discussed in the fair review of the business section. Net assets increased from £2.45m to £2.57m (5% increase).

#### **Matters of strategic importance**

The company's focus is on maintaining its reputation with existing customers and using this to develop repeat business and new relations.

#### **Future developments**

Looking to the future, we are very encouraged by so many positive aspects within the business, but whilst there is a huge amount of political uncertainty, there is always a note of caution. We are confident that there will be significant opportunities for the Company to progress its current growth plan in 2020, 2021 and beyond. The record level client feedback KPI scores for 2019 are testament to the positive approach of the Company to complete quality projects on time.

On behalf of the board

**Mr R D Kenworthy**  
**Director**

19 March 2020

## **WARDEN CONSTRUCTION LIMITED**

### **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 NOVEMBER 2019**

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The directors present their annual report and financial statements for the year ended 30 November 2019.

#### **Principal activities**

The principal activity of the company was that of the erection and alteration of industrial and commercial buildings.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R D Kenworthy

Mr A A Atkinson MRICS

Mr I F Williams

Mrs K E Browne MBA

Mr A P J Wood

(Appointed 1 October 2019)

Mr M H Thomson

(Appointed 6 April 2019)

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £40,000. The directors do not recommend payment of a further dividend.

#### **Auditor**

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

**Mr R D Kenworthy**  
**Director**

19 March 2020

## **WARDEN CONSTRUCTION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 NOVEMBER 2019**

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The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

## **WARDEN CONSTRUCTION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF WARDEN CONSTRUCTION LIMITED**

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##### **Opinion**

We have audited the financial statements of Warden Construction Limited (the 'company') for the year ended 30 November 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### **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.

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## **WARDEN CONSTRUCTION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF WARDEN CONSTRUCTION LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the 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.

#### **Auditor's 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **WARDEN CONSTRUCTION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF WARDEN CONSTRUCTION LIMITED**

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##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

**Paul Locker (Senior Statutory Auditor)**  
**for and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**  
**Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

19 March 2020

# WARDEN CONSTRUCTION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	26,155,252	22,557,820
Cost of sales		(23,966,146)	(20,746,201)
<b>Gross profit</b>		<u>2,189,106</u>	<u>1,811,619</u>
Administrative expenses		(2,102,468)	(1,888,088)
Other operating income		110,068	148,646
<b>Operating profit</b>	<b>4</b>	<u>196,706</u>	<u>72,177</u>
Interest receivable and similar income	<b>7</b>	8,851	7,837
Fair value gain on investment property	<b>8</b>	-	16,079
<b>Profit before taxation</b>		<u>205,557</u>	<u>96,093</u>
Tax on profit	<b>9</b>	(39,832)	(22,072)
<b>Profit for the financial year</b>		<u>165,725</u>	<u>74,021</u>
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		-	208,477
Tax relating to other comprehensive income		-	(35,441)
<b>Total comprehensive income for the year</b>		<u><u>165,725</u></u>	<u><u>247,057</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# WARDEN CONSTRUCTION LIMITED

## BALANCE SHEET

AS AT 30 NOVEMBER 2019

		2019		2018	
	Notes	£	£	as restated £	£
<b>Fixed assets</b>					
Tangible assets	11	391,605		374,754	
Investment properties	12	560,000		560,000	
Investments	13	1		1	
			951,606		934,755
<b>Current assets</b>					
Stocks	14	276,235		276,235	
Debtors	15	6,992,003		7,726,950	
Cash at bank and in hand		2,857,161		303,546	
			10,125,399		8,306,731
<b>Creditors: amounts falling due within one year</b>	16	(8,459,294)		(6,753,184)	
<b>Net current assets</b>			1,666,105		1,553,547
<b>Total assets less current liabilities</b>			2,617,711		2,488,302
<b>Provisions for liabilities</b>	17	(47,032)		(43,348)	
<b>Net assets</b>			2,570,679		2,444,954
<b>Capital and reserves</b>					
Called up share capital	20	49,270		49,270	
Share premium account	21	13,838		13,838	
Revaluation reserve		171,540		173,036	
Profit and loss reserves		2,336,031		2,208,810	
<b>Total equity</b>			2,570,679		2,444,954

The financial statements were approved by the board of directors and authorised for issue on 19 March 2020 and are signed on its behalf by:

**Mr R D Kenworthy**  
Director

Company Registration No. 00533082

# WARDEN CONSTRUCTION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	Share capital £	Share premium account £	Revaluation reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 December 2017</b>		49,270	13,838	-	2,174,789	2,237,897
<b>Year ended 30 November 2018:</b>						
Profit for the year		-	-	-	74,021	74,021
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	208,477	-	208,477
Tax relating to other comprehensive income		-	-	(35,441)	-	(35,441)
Total comprehensive income for the year		-	-	173,036	74,021	247,057
Dividends	10	-	-	-	(40,000)	(40,000)
<b>Balance at 30 November 2018</b>		49,270	13,838	173,036	2,208,810	2,444,954
<b>Year ended 30 November 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	165,725	165,725
Dividends	10	-	-	-	(40,000)	(40,000)
Transfers		-	-	-	1,496	1,496
Transfer of excess depreciation on revaluation		-	-	(1,496)	-	(1,496)
<b>Balance at 30 November 2019</b>		49,270	13,838	171,540	2,336,031	2,570,679

## **WARDEN CONSTRUCTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2019**

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#### **1 Accounting policies**

##### **Company information**

Warden Construction Limited is a private company limited by shares incorporated in England and Wales. The registered office is Damar House, Richard Street, Kirkham, Preston, PR4 2HU.

The companies principal activities and nature of its operations are disclosed in the Directors' Report.

##### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Warden Holdings Limited. These consolidated financial statements are available from its registered office, Damar house, Richard Street, Kirkham, Preston, PR4 2HU.

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The coronavirus will nevertheless have a significant impact on a large number of business. Having said that the Company is well placed to minimise any impact.

Management are continuously assessing the impact of the coronavirus of clients, suppliers and employees. Regular contact is taking place throughout the supply chain to minimise any disruption. Strategies and procedures are already in place for employees to work remotely, and for additional site labour to quickly be sourced if and when required, all of which enables the business flexibility it requires to both prepare and react to the ever changing unprecedented circumstances.

The current workload and future orders is at a record high, and the business is continuing to win work even during this difficult time. The business is also well placed to gain further works via several local frameworks that it has been appointed to, and expect the government to use these to help stimulate the economy as the year progresses.

The company makes little use of financial instruments other than an operational bank account. It has a healthy bank account, which again places it well to minimise any impact of a reduced cashflow that any disruption, including a government forced lockdown may cause.

The company is exceedingly well placed to continue for the foreseeable future.

After considering the impact of the above, 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.

##### 1.3 Turnover

Turnover comprises the value of work performed, goods sold and services provided excluding Value Added Tax.

Amounts in respect of contracts included in turnover, net of payments received on account, are shown in debtors as gross amounts due from contract customers. Cash received in excess of the value of work done is shown in creditors as payments on account.

An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated contract losses as soon as they are foreseen.

##### 1.4 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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years straight line
Plant and machinery	3 to 10 years straight line
Fixtures, fittings and equipment	5 to 10 years straight line
Motor vehicles	3 years 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 credited or charged to profit or loss.

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

##### 1.6 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

##### 1.7 Stocks

Development land/projects are valued at the lower of cost and net realisable value after making due allowance for impairment.

Stocks are stated at the lower of cost and 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 present location and condition.

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.



## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Revenue derived from variations on contracts is only recognised when they have been accepted by the customers. Claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Full provision is made for losses on all contracts in the year in which they are first foreseen.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the survey of work performed.

##### 1.9 Cash at bank and in hand

Cash at bank and in hand 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.

##### 1.10 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.

###### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

###### **Other financial assets**

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

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#### 1 Accounting policies

(Continued)

##### ***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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***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.

##### ***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.

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### 1.13 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.

#### 1.14 Retirement benefits

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

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 1 Accounting policies

(Continued)

##### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 2 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.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Construction contracts

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as the work performed to date. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customers.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified.

##### Stock

Work in progress represents properties held for development. The directors believe that the current carrying value of these properties has not significantly changed in the last year.

#### 3 Turnover and other revenue

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Attributable to the construction contract revenue	26,155,252	22,557,820

# WARDEN CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

### 3 Turnover and other revenue

(Continued)

	2019	2018
	£	£
<b>Other revenue</b>		
Interest income	8,851	7,837
Training grants	42,217	81,429
Rent receivable	67,800	67,217
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	16,004	16,000
Depreciation of owned tangible fixed assets	44,745	30,659
Profit on disposal of tangible fixed assets	(28,024)	(22,727)
Cost of stocks recognised as an expense	2,711,531	1,550,928
Operating lease charges	150,017	179,917
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2019	2018
	Number	Number
Number of production staff	46	49
Number of administrative staff	32	30
	<u>          </u>	<u>          </u>
	78	79
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,970,947	2,730,100
Social security costs	322,439	295,227
Pension costs	93,487	71,660
	<u>          </u>	<u>          </u>
	3,386,873	3,096,987
	<u>          </u>	<u>          </u>

**WARDEN CONSTRUCTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 NOVEMBER 2019****6 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	479,920	361,832
Company pension contributions to defined contribution schemes	19,695	14,486
	<u>499,615</u>	<u>376,318</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	119,787	105,321
Company pension contributions to defined contribution schemes	4,953	4,241
	<u>124,740</u>	<u>109,562</u>

**7 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	6,217	4,828
Other interest income	2,634	3,009
	<u>8,851</u>	<u>7,837</u>

**8 Amounts written off investments  
fixed asset investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Gain on disposal of financial assets held at fair value through profit or loss	-	16,079
	<u>-</u>	<u>16,079</u>

**9 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	36,148	12,436
Adjustments in respect of prior periods	-	96
	<u>36,148</u>	<u>12,532</u>

# WARDEN CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

9	Taxation	(Continued)	
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	4,118	10,476
	Changes in tax rates	(434)	(930)
	Adjustment in respect of prior periods	-	(6)
		<u>          </u>	<u>          </u>
	Total deferred tax	3,684	9,540
		<u>          </u>	<u>          </u>
	Total tax charge	39,832	22,072
		<u>          </u>	<u>          </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:

	2019 £	2018 £
Profit before taxation	205,557	96,093
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	39,056	18,258
Tax effect of expenses that are not deductible in determining taxable profit	739	1,599
Adjustments in respect of prior years	-	90
Effect of change of tax rate on opening deferred tax balance	(434)	(608)
Revaluation of investment properties	471	2,733
	<u>          </u>	<u>          </u>
Taxation charge for the year	39,832	22,072
	<u>          </u>	<u>          </u>

	2019 £	2018 £
Deferred tax arising on:		
Revaluation of property	-	35,441
	<u>          </u>	<u>          </u>

The Chancellor stated his intention to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.

10	Dividends	2019 £	2018 £
	Final paid	40,000	40,000
		<u>          </u>	<u>          </u>

# WARDEN CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

### 11 Tangible fixed assets

	Freehold land and buildings	Plant and fixtures, machinery and equipment	fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 December 2018	310,000	72,148	67,721	274,173	724,042
Additions	-	-	-	61,604	61,604
Disposals	-	-	-	(132,989)	(132,989)
At 30 November 2019	310,000	72,148	67,721	202,788	652,657
<b>Depreciation and impairment</b>					
At 1 December 2018	-	66,734	60,465	222,089	349,288
Depreciation charged in the year	2,480	2,588	3,104	36,573	44,745
Eliminated in respect of disposals	-	-	-	(132,981)	(132,981)
At 30 November 2019	2,480	69,322	63,569	125,681	261,052
<b>Carrying amount</b>					
At 30 November 2019	307,520	2,826	4,152	77,107	391,605
At 30 November 2018	310,000	5,414	7,256	52,084	374,754

Land and buildings with a carrying amount of £307,520 (2018: £310,000) were revalued at 27 June 2018 by Eckersley Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	125,816	125,816
Accumulated depreciation	(25,277)	(24,293)
Carrying value	100,539	101,523

### 12 Investment property

	2019 £
<b>Fair value</b>	
At 1 December 2018 and 30 November 2019	560,000

Investment property comprises three buildings held by the company in Preston and Kirkham. The year end fair value of the investment properties has been arrived at on the basis of a valuation carried out by Eckersley Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.



# WARDEN CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 13 Fixed asset investments

	2019 £	2018 £
Unlisted investments	1	1

The unlisted investment relates to Fishergate Court Management Company Limited. The company owns 14.29% of the ordinary share capital of Fishergate Court Management Company Limited.

#### Movements in fixed asset investments

	Investments other than loans £
<b>Cost</b>	
At 1 December 2018 & 30 November 2019	1
<b>Carrying amount</b>	
At 30 November 2019	1
At 30 November 2018	1

#### 14 Stocks

	2019 £	2018 £
Work in progress	276,235	276,235

#### 15 Debtors

	2019 £	As restated 2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,477,998	2,595,819
Gross amounts owed by contract customers	3,960,270	3,590,500
Corporation tax recoverable	91,289	88,422
Amounts owed by group undertakings	835,390	835,389
Other debtors	271,179	570,469
Prepayments and accrued income	111,538	46,351
	6,747,664	7,726,950

# WARDEN CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019 £	2018 £
<b>Amounts falling due after more than one year:</b>		
Trade debtors	244,339	-
<b>Total debtors</b>	<b>6,992,003</b>	<b>7,726,950</b>

Due to a change in the system, certified applications and the corresponding VAT are now included in trade debtors. The directors consider this presentation to be a fairer representation of the debtor.

16 Creditors: amounts falling due within one year	2019 £	As restated 2018 £
Trade creditors	6,544,834	5,026,978
Corporation tax	39,015	24,136
Other taxation and social security	122,824	110,907
Accruals and deferred income	1,752,621	1,591,163
	<b>8,459,294</b>	<b>6,753,184</b>

Costs accrued as part of the "percentage of completion method" for valuing construction contracts measured by the survey of work performed, which were previously deducted from the gross amounts owed by contract customers balance, are now included in accruals.

17 Provisions for liabilities	Notes	2019 £	2018 £
Deferred tax liabilities	18	47,032	43,348

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	10,606	-
Revaluations	38,175	38,175
Short term timing differences	(1,749)	5,173
	<u>47,032</u>	<u>43,348</u>
<b>Movements in the year:</b>		2019 £
Liability at 1 December 2018		43,348
Charge to profit or loss		3,684
Liability at 30 November 2019		<u>47,032</u>

Of the deferred tax asset relating to short term timing differences, a total of £1,749 is expected to reverse out in the next 12 months.

#### 19 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>93,487</u>	<u>71,660</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 year end there was £10,286 (2018: £11,080) outstanding.

#### 20 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
46,420 Ordinary shares of £1 each	46,420	46,420
2,850 "A" Ordinary shares of £1 each	2,850	2,850
	<u>49,270</u>	<u>49,270</u>

The Ordinary shares and "A" Ordinary shares rank pari passu.

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 21 Share premium account

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

#### 22 Financial commitments, guarantees and contingent liabilities

There is an unlimited multilateral guarantee between Warden Holdings and Warden Construction Limited.

There is a first legal charge over unit 5, car parking spaces 9 & 10 at Fishergate, and over freehold property Railside House, and also floating charges over the assets of the company dated 18 January 1980.

There is a first legal charge dated 29 November 2018 over Freehold Property known as Land Buildings lying to the south of Richards Street.

There is a guarantee dated 12 February 2018 in favour of Weaver Vale Housing Trust Limited for £110,705, and a guarantee dated 27 July 2018 in favour of Community Gateway Association for £121,585.

#### 23 Operating lease commitments

##### Lessee

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:

	2019 £	2018 £
Within one year	117,809	169,605
Between two and five years	274,458	136,864
In over five years	275,613	-
	<u>667,880</u>	<u>306,469</u>

#### 24 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Director's loan account	-	173,646	44,122	(35,300)	182,468
		<u>173,646</u>	<u>44,122</u>	<u>(35,300)</u>	<u>182,468</u>

#### 25 Related party transactions

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

## WARDEN CONSTRUCTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

#### 25 Related party transactions

(Continued)

	Other transactions	
	2019	2018
	£	£
Amounts owed by related parties	50,000	49,417
Rental payments made to related parties	64,847	64,847
Purchase of services	-	16,000
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
<b>Amounts due to related parties</b>		
Amounts owed by related parties	-	19,498
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
<b>Amounts due from related parties</b>		
Amounts owed by related parties	401,752	463,818
	<u>          </u>	<u>          </u>

All of the companies above are related by common control by virtue of common directorships.

The company has taken advantage of the exemption permitted under Section 33 'Related Party Disclosures' paragraph 33.1A from disclosing transactions with the parent company.

#### 26 Ultimate controlling party

For the whole of the current year and previous year, the ultimate controlling party was Warden Holdings Limited, a company incorporated in Great Britain, which owns 100% of the issued share capital of Warden Construction Limited and for which group accounts have been prepared. Their financial statements are available from the company's registered office at Damar House, Richard Street, Kirkham, Preston, PR4 2HU or from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.