

Company registration number 00533082 (England and Wales)

WARDEN CONSTRUCTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2021



WARDEN CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	Mr A A Atkinson MRICS Mr I F Williams Mr A P J Wood Mr D Culshaw ACMA CGMA (Appointed 1 September 2021)
Secretary	Mr A A Atkinson MRICS
Company number	00533082
Registered office	Damar House Richard Street Kirkham Preston PR4 2HU
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

WARDEN CONSTRUCTION LIMITED

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WARDEN CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present the strategic report for the year ended 30 November 2021.

Fair review of the business

The directors are delighted to report that in 2021, the business has bounced back strongly to profitability from the worst of the pandemic in 2020. In the year we have posted a profit before tax of £162.5k following a loss in 2020 of £292k. The result is one of our strongest profitability performances in the last 5 years.

The impact of global pandemic was still evident in 2021 which has seen a fall in turnover within the period to £19.3m from £26.3m in the previous year, as a result of the country being in lockdown at the start of the financial year causing project delays.

The current outlook is very positive, the company strategy of procuring work via frameworks where possible has been very successful with the number of projects currently at pre-construction stage at record levels. Several of the company's framework clients are now releasing work in significant volumes as the backlog caused by the pandemic is being caught up and as market confidence is returning.

Strategies

During 2021, two existing shareholders (who have been with the company over twenty years) Ian Williams and Adrian Atkinson completed a successful Management Buy Out and the implementation of a new Senior Management Team (SMT) to take the business forward. The company is also bearing the fruits of the bold restructuring activity undertaken in 2020, which coupled with the new SMT has had a combined effect of strengthening our operational core.

Projects and frameworks

During the year the notable projects delivered included the new £8m design & build Matrix Park Private Acute Hospital installing the latest MRI and CT technology and the AVO Spero project providing the latest proton beam technology, both projects strengthening our health care portfolio.

Warden has had continued framework success in 2021. The most significant framework win of 2021 being a place on the NHS Shared Business Service - PS-Works Framework. We have also been reappointed to the Lancashire County Council Reactive and Planned Improvement Works Framework. In the pipeline for next year we have also applied to be on the Procure Partnerships framework to deliver new streams of turnover in 2022.

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.

Warden Construction has faced continued disruption due to COVID-19 throughout the period as has the whole country. There have been a number of delays getting projects underway due to client uncertainty, fluctuations in material availability and price variances, and labour market shortages. It is a testament to the strength of our relationships with our Clients, Sub-contractors, Suppliers and all our other stakeholders that we have been able to manage these issues effectively.

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

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.

WARDEN CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

Key performance indicators

The turnover in the company decreased from £26.3m to £19.3m in the year (27% decrease), however gross profit increased from £1.50m to £2.25m in the year (50% increase). Net assets increased from £2.33m to £2.61m (12% 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 2022, 2023 and beyond.

Following the year end, as detailed in note 26, Warden Holdings Limited was purchased by Warden Construction Group Limited and this is now the ultimate parent company. There is considered to be no individual controlling party of Warden Construction Group Limited.

On behalf of the board

Mr A A Atkinson MRICS
Director

20 July 2022

WARDEN CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present their annual report and financial statements for the year ended 30 November 2021.

Principal activities

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

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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	(Resigned 24 August 2021)
Mr A A Atkinson MRICS	
Mr I F Williams	
Mrs K E Browne MBA	(Resigned 18 December 2020)
Mr A P J Wood	
Mr D Culshaw ACMA CGMA	(Appointed 1 September 2021)

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 A A Atkinson MRICS
Director

Mr I F Williams
Director

20 July 2022

WARDEN CONSTRUCTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2021

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;
- 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

Opinion

We have audited the financial statements of Warden Construction Limited (the 'company') for the year ended 30 November 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WARDEN CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WARDEN CONSTRUCTION LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which 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 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.

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

WARDEN CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WARDEN CONSTRUCTION LIMITED

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of purchase existence and checks that costs have been allocated to the correct contracts; and
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

Because of the field in which the client operates we identified that employment law, health and safety legislation and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

20 July 2022

WARDEN CONSTRUCTION LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	Notes	2021 £	2020 £
Turnover	4	19,290,809	26,324,197
Cost of sales		(17,038,553)	(24,823,039)
Gross profit		2,252,256	1,501,158
Administrative expenses		(2,173,968)	(2,063,460)
Other operating income		127,107	403,090
Exceptional item	3	-	(136,246)
Operating profit/(loss)	5	205,395	(295,458)
Interest receivable and similar income	8	2,320	7,169
Interest payable and similar expenses	9	(45,141)	(3,742)
Profit/(loss) before taxation		162,574	(292,031)
Tax on profit/(loss)	10	137,114	53,252
Profit/(loss) for the financial year		299,688	(238,779)
Other comprehensive income			
Tax relating to other comprehensive income		(12,509)	(4,170)
Total comprehensive income for the year		287,179	(242,949)

WARDEN CONSTRUCTION LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	327,412		353,040	
Investment properties	12	405,000		560,000	
Investments	13	-		1	
		<u>732,412</u>		<u>913,041</u>	
Current assets					
Stocks	14	75,000		276,235	
Debtors	15	7,236,589		7,256,574	
Cash at bank and in hand		2,705,791		2,078,034	
		<u>10,017,380</u>		<u>9,610,843</u>	
Creditors: amounts falling due within one year	16	<u>(7,216,011)</u>		<u>(7,080,388)</u>	
Net current assets		<u>2,801,369</u>		<u>2,530,455</u>	
Total assets less current liabilities		<u>3,533,781</u>		<u>3,443,496</u>	
Creditors: amounts falling due after more than one year	17	(861,667)		(1,081,667)	
Provisions for liabilities					
Deferred tax liability	19	57,205		34,099	
		<u>(57,205)</u>		<u>(34,099)</u>	
Net assets		<u>2,614,909</u>		<u>2,327,730</u>	
Capital and reserves					
Called up share capital	21	49,270		49,270	
Share premium account	22	13,838		13,838	
Revaluation reserve		151,869		165,874	
Profit and loss reserves		2,399,932		2,098,748	
Total equity		<u>2,614,909</u>		<u>2,327,730</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 July 2022 and are signed on its behalf by:

Mr A A Atkinson MRICS
Director

Mr I F Williams
Director

Company Registration No. 00533082

WARDEN CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2021

	Share capital	Share premium account	Revaluation reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 December 2019	49,270	13,838	171,540	2,336,031	2,570,679
Year ended 30 November 2020:					
Loss for the year	-	-	-	(238,779)	(238,779)
Other comprehensive income:					
Tax relating to other comprehensive income	-	-	(4,170)	-	(4,170)
Total comprehensive income for the year	-	-	(4,170)	(238,779)	(242,949)
Transfers	-	-	-	1,496	1,496
Transfer of excess depreciation on revaluation	-	-	(1,496)	-	(1,496)
Balance at 30 November 2020	49,270	13,838	165,874	2,098,748	2,327,730
Year ended 30 November 2021:					
Profit for the year	-	-	-	299,688	299,688
Other comprehensive income:					
Tax relating to other comprehensive income	-	-	(12,509)	-	(12,509)
Total comprehensive income for the year	-	-	(12,509)	299,688	287,179
Transfers	-	-	-	1,496	1,496
Transfer of excess depreciation on revaluation	-	-	(1,496)	-	(1,496)
Balance at 30 November 2021	49,270	13,838	151,869	2,399,932	2,614,909

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2021

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 2021

1 Accounting policies

(Continued)

1.2 Going concern

The impact of COVID19 and the return back to "normal", combined with the Global price and logistic uncertainty resulting from the War in Ukraine, are presenting challenges to the majority of businesses over the next twelve months. As a result of the solid performance in 2021 we continue to have a strong business that is able to absorb these and future impacts should anything unforeseen happen.

The SMT continuously assesses the impact of the current market climate on clients, suppliers and employees and have strong relationships with our stakeholders as a result of collaboratively overcoming the many issues we have all had in the last couple of years. On a parallel to last year we face a number of challenges on the horizon, mainly due to economic uncertainty, demand on the global supply chain and the spike in raw material costs. As a result of the MBO and the new SMT, the company continues to be in a strong and resilient position, with a tried and tested flexible workforce and supply chain that's extremely adaptable to minimise any disruption.

Our current workload and future orders are very healthy and have bounced back strongly as we return to normal after the worst of the pandemic. The business has been appointed to several local frameworks which places it well to gain further future work and puts us in a good position especially with the Government vowing to Build Back Better through infrastructure.

The company has commenced repayment of the CBILS loan, taken in 2020 as a precaution, but has decided not to repay it in full any earlier than planned due to the ongoing economic uncertainty. The company's cash position remains strong, placing it well to minimise any impact of any reduced cashflow that may occur from disruption, including that of further government forced lockdown should it be required.

The company is well positioned and prepared to take advantage of the opportunities 2022 brings. 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

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

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.

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 Fixed asset investments

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

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

1.7 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.

1.8 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.

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 Cash and cash equivalents

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.

1.11 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 2021

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 2021

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.

1.12 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.

1.13 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.

1.14 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.

1.15 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 2021

1 Accounting policies

(Continued)

1.16 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 Government grants

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss accounts as the related expenditure is incurred.

1.18 Foreign exchange

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

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.

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

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 Exceptional item

	2021	2020
	£	£
Expenditure		
Redundancy costs	-	136,246

4 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Attributable to the construction contract revenue	19,089,809	26,324,197
Sales of buildings	201,000	-
	<u>19,290,809</u>	<u>26,324,197</u>
	2021	2020
	£	£
Other revenue		
Interest income	2,320	7,169
Grants received	54,659	287,531
Training grants	-	46,710
Rent receivable	61,367	68,800

WARDEN CONSTRUCTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 NOVEMBER 2021****5 Operating profit/(loss)**

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(54,659)	(287,531)
Fees payable to the company's auditor for the audit of the company's financial statements	24,859	17,309
Depreciation of owned tangible fixed assets	54,938	47,735
Profit on disposal of tangible fixed assets	(5,808)	(417)
Operating lease charges	92,220	120,760
	<u> </u>	<u> </u>

6 Employees

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

	2021	2020
	Number	Number
Number of production staff	24	30
Number of administrative staff	37	46
	<u> </u>	<u> </u>
Total	61	76
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,412,345	2,955,562
Social security costs	250,096	318,026
Pension costs	75,838	97,144
	<u> </u>	<u> </u>
	2,738,279	3,370,732
	<u> </u>	<u> </u>

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	377,737	531,032
Company pension contributions to defined contribution schemes	17,419	24,331
	<u> </u>	<u> </u>
	395,156	555,363
	<u> </u>	<u> </u>

WARDEN CONSTRUCTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 NOVEMBER 2021****7 Directors' remuneration****(Continued)**

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

	2021	2020
	£	£
Remuneration for qualifying services	95,026	114,253
Company pension contributions to defined contribution schemes	3,884	5,178
	=====	=====

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2,320	5,611
Other interest income	-	1,558
	=====	=====
Total income	2,320	7,169
	=====	=====

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	45,141	3,742
	=====	=====

10 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(147,711)	(36,148)
	=====	=====
Deferred tax		
Origination and reversal of timing differences	45,525	(18,468)
Changes in tax rates	1,220	1,364
Adjustment in respect of prior periods	(36,148)	-
	=====	=====
Total deferred tax	10,597	(17,104)
	=====	=====
Total tax credit	(137,114)	(53,252)
	=====	=====

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

10 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	162,574	(292,031)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	30,889	(55,486)
Tax effect of expenses that are not deductible in determining taxable profit	736	399
Unutilised tax losses carried forward	13,935	-
Adjustments in respect of prior years	(147,711)	-
Deferred tax adjustments in respect of prior years	(36,148)	-
Effect of change of tax rate on opening deferred tax balance	1,220	1,364
Revaluation of investment properties	-	471
Super deduction adjustment	(35)	-
Taxation credit for the year	(137,114)	(53,252)

	2021 £	2020 £
Deferred tax arising on:		
Revaluation of property	12,509	4,170

The Chancellor stated his intention to maintain the main rate of corporation tax at 19%. This change to previously announced policy was substantively enacted on 17 March 2020. The Chancellor subsequently announced his intention to increase the headline rate of corporation tax to 25% from 1 April 2023, this policy was substantively enacted on 25 May 2021.

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

11 Tangible fixed assets

	Freehold land and buildings	Plant and fixtures, machinery and fittings	Motor vehicles and equipment	Total
	£	£	£	£
Cost or valuation				
At 1 December 2020	310,000	72,148	67,721	661,827
Additions	-	-	31,000	31,000
Disposals	-	-	(12,178)	(12,178)
At 30 November 2021	310,000	72,148	98,721	680,649
Depreciation and impairment				
At 1 December 2020	4,960	71,909	66,676	308,787
Depreciation charged in the year	2,480	216	7,234	54,938
Eliminated in respect of disposals	-	-	(10,488)	(10,488)
At 30 November 2021	7,440	72,125	73,910	353,237
Carrying amount				
At 30 November 2021	302,560	23	24,811	327,412
At 30 November 2020	305,040	239	1,045	353,040

Land and buildings with a carrying amount of £302,560 (2020: £305,040) 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.

Freehold land and buildings are carried at valuation. If freehold land and buildings were measured using the cost model, the carrying amounts would have been approximately £98,571 (2020 - £99,555), being cost £125,816 (2020 - £125,816) and depreciation £27,254 (2020 - £26,261).

12 Investment property

	2021 £
Fair value	
At 1 December 2020	560,000
Disposals	(155,000)
At 30 November 2021	405,000

Investment property comprises a building held by the company in Kirkham. The year end fair value of the investment property 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 2021

13 Fixed asset investments

	2021 £	2020 £
Unlisted investments	-	1

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

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 December 2020	1
Disposals	(1)
At 30 November 2021	-
Carrying amount	
At 30 November 2021	-
At 30 November 2020	1

14 Stocks

	2021 £	2020 £
Work in progress	75,000	276,235

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,639,861	2,086,276
Gross amounts owed by contract customers	2,477,343	3,147,659
Corporation tax recoverable	319,097	113,367
Amounts owed by group undertakings	2,450,389	835,389
Other debtors	224,388	622,896
Prepayments and accrued income	125,511	130,582
	7,236,589	6,936,169

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

15 Debtors		(Continued)	
		2021 £	2020 £
Amounts falling due after more than one year:			
Trade debtors		-	320,405
		<u> </u>	<u> </u>
Total debtors		7,236,589	7,256,574
		<u> </u>	<u> </u>
16 Creditors: amounts falling due within one year			
	Notes	2021 £	2020 £
Bank loans and overdrafts	18	50,036	-
Other borrowings	18	220,000	18,333
Trade creditors		3,998,032	5,405,136
Corporation tax		58,019	-
Other taxation and social security		958,315	75,834
Accruals and deferred income		1,931,609	1,581,085
		<u> </u>	<u> </u>
		7,216,011	7,080,388
		<u> </u>	<u> </u>
17 Creditors: amounts falling due after more than one year			
	Notes	2021 £	2020 £
Other borrowings	18	861,667	1,081,667
		<u> </u>	<u> </u>
Amounts included above which fall due after five years are as follows:			
Payable by instalments		-	201,667
		<u> </u>	<u> </u>
18 Loans and overdrafts			
		2021 £	2020 £
Bank overdrafts		50,036	-
Other loans		1,081,667	1,100,000
		<u> </u>	<u> </u>
		1,131,703	1,100,000
		<u> </u>	<u> </u>
Payable within one year		270,036	18,333
Payable after one year		861,667	1,081,667
		<u> </u>	<u> </u>

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

18 Loans and overdrafts

(Continued)

The long-term loans are not secured on the assets of the company.

The long term borrowings are in relation to a CBILS loan drawdown by the company. The repayment period started 12 months from the date of first drawdown and will be repaid by monthly instalment over the proceeding 60 months.

19 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	1,142	3,883
Tax losses	-	(12,450)
Revaluations	56,139	42,666
Short term timing differences	(76)	-
	<u>57,205</u>	<u>34,099</u>
		2021 £
Movements in the year:		
Liability at 1 December 2020		34,099
Charge to profit or loss		9,377
Charge to other comprehensive income		12,509
Effect of change in tax rate - profit or loss		1,220
		<u>57,205</u>
Liability at 30 November 2021		<u>57,205</u>

The company has not finalised its capital expenditure programme for the next financial year and therefore an assessment as to the likely movement of timing differences cannot reasonably be made.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>75,838</u>	<u>97,144</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 £304 (2020: £Nil) outstanding.

WARDEN CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	46,420	46,420	46,420	46,420
"A" Ordinary shares of £1 each	2,850	2,850	2,850	2,850
	<u>49,270</u>	<u>49,270</u>	<u>49,270</u>	<u>49,270</u>

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

22 Share premium account

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

23 Financial commitments, guarantees and contingent liabilities

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

There is a first legal charge dated 18 March 1991 over Freehold Property known as 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 and Buildings lying to the south of Richards Street.

24 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:

	2021 £	2020 £
Within one year	84,857	79,908
Between two and five years	281,279	259,400
In over five years	145,913	210,763
	<u>512,049</u>	<u>550,071</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 2021

25 Related party transactions (Continued)

Category	Description of transaction	Income 2021 £	2020 £	Expenditure 2021 £	2020 £
Other related parties	Rent	37,500	50,000	64,843	64,847

Balances with related parties

Category	Amounts owed by related parties 2021 £	2020 £	Amounts owed to related parties 2021 £	2020 £
Other related parties	212,630	487,256	-	-

Other information

All of the entities 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 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Loan	-	182,496	6,422	(188,918)	-
		182,496	6,422	(188,918)	-

27 Ultimate controlling party

The ultimate controlling party is Warden Construction Group Limited, a company incorporated in Great Britain, which owns 100% of the issued share capital of Warden Holdings Limited, the company's immediate parent company. The financial statements of Warden Holdings Limited 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.

There is considered to be no individual controlling party of Warden Construction Group Limited.

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.