

Registration number: 00570590

C.A. Blackwell (Contracts) Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2021



C.A. Blackwell (Contracts) Limited

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C.A. Blackwell (Contracts) Limited

Company Information

Directors	NK Fraser
Registered office	West Terrace Esh Winning Durham DH7 9PT
Independent auditors	PricewaterhouseCoopers LLP 5th and 6th Floor Central Square South Orchard Street Newcastle Upon Tyne NE1 3AZ

C.A. Blackwell (Contracts) Limited

Strategic Report for the Year Ended 31 May 2021

The director presents the report for the year ended 31 May 2021.

Fair review of the business

The principal activity of the Company continued to be that of specialist earth moving, infrastructure construction and civil engineering.

During the year, the Company sold certain of its trade and assets to Blackwell Earthmoving Limited, a fellow subsidiary of Hargreaves Services Plc, generating a gain of £12.1m. The Company is now focused on the management and run out of the existing and previously completed contracts.

The Company had net liabilities of £3,718,000 at 31 May 2021 (2020: £9,803,000).

The results for the Company show a profit before tax of £6,851,000 (2020: loss of £(2,629,000)) for the year and turnover of £3,744,000 (2020: £19,612,000).

Business model

The Company is part of a group that delivers key projects and services in the industrial and property sectors in the UK. The Company provides specialist earth moving, civil engineering and infrastructure construction services.

Key financial performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£m	3.74	19.61
Gross margin	%	(70.70)	4.13
Profit/(Loss) before tax/turnover	%	182.99	(13.41)

In addition, there are a significant number of further key performance indicators which are used to measure the business on a more detailed basis, including:

- Aged debtor analysis
- Debtor day reports
- Staff turnover levels
- Injury claims

Principal risks and uncertainties

The risks and uncertainties facing the Company are inherently linked to those of the Hargreaves Services plc Group. The principal risks and uncertainties of the Group which includes those of this company are discussed in detail in the Risk Management section of the Group financial statements. Those that have particular importance for this company are:

- Contractual Risk
- Recruitment & Retention of Key Individuals
- Regulatory & Legislative Compliance
- Environmental Risk
- Fraud
- IT Security
- Liquidity & Credit Risk

Current trading and outlook

As noted previously, the Company sold certain of its trade and assets to Blackwell Earthmoving Limited during the year. The Company will look to manage the run out of existing and completed projects.

C.A. Blackwell (Contracts) Limited

Strategic Report for the Year Ended 31 May 2021 (continued)

The Company has not seen a significant impact on its trading and results for the year ended 31 May 2021 as a result of Covid-19 however the Directors continue to monitor the situation closely. Our focus has been to safeguard the health and wellbeing of our employees, support our communities and continue to provide a reliable service to customers and suppliers, including many operating in critical industries.

Approved by the director on 19 October 2021 and signed on its behalf by:



.....
NK Fraser
Director

C.A. Blackwell (Contracts) Limited

Director's Report for the Year Ended 31 May 2021

The director presents the report and the audited financial statements for the year ended 31 May 2021.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil)

Director of the company

The director of the company, who were in office during the year and up to the date of signing the financial statements, was as follows:

NK Fraser

Employment of disabled persons

Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the Company continues.

Employee involvement

The directors recognise the importance of good communications and good relations with employees.

Director's interests in shares

No director had a beneficial interest in the share capital of any subsidiary of Hargreaves Services plc. No director had interests in the share capital of Hargreaves Services plc.

No director was granted, or exercised, any options to subscribe in the shares of Hargreaves Services plc during the year ended 31 May 2021. (2020; £nil).

Director's liabilities

All of the Directors benefited from the Group's qualifying third party indemnity provisions.

Disclosure of information to the auditors

The director has taken steps that ought to have taken as a director in order to make aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that of and of which the auditors are unaware.

C.A. Blackwell (Contracts) Limited

Director's Report for the Year Ended 31 May 2021 (continued)

Going concern

The Group's financing is no longer dependent on bank borrowings, there is no longer any debenture or financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of challenging downside sensitivities has been undertaken. These sensitivities include testing without utilising the Group's £12m invoice discounting facility which was put in place on 27 July 2021. The facility is secured against certain Group debtors and there is no debenture nor any covenants associated with this facility. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control. As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts of Hargreaves Services plc.

As a result of the above, the financial statements of the Company have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Hargreaves Services plc not seeking repayment of the amounts currently due to the group and providing additional financial support during that period. Hargreaves Services plc has indicated it will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the director on 19 October 2021 and signed on its behalf by:



.....
NK Fraser
Director

C.A. Blackwell (Contracts) Limited

Statement of Director's Responsibilities

The responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising FRS 101 'Reduced Disclosure Framework' ('FRS 101'), and applicable law.

Under company law the director must not approve the financial statements unless 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 director is required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is 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 to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 19 October 2021 and signed on its behalf by:



.....
NK Fraser
Director

Independent auditors' report to the members of C.A. Blackwell (Contracts) Limited

Report on the audit of the financial statements

Opinion

In our opinion, C.A. Blackwell (Contracts) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 May 2021; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of C.A. Blackwell (Contracts) Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's Report for the year ended 31 May 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Director's Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Independent auditors' report to the members of C.A. Blackwell (Contracts) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety regulations, environmental regulations and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to the profit and loss account, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance around actual and potential litigation claims;
- Review minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and consideration of the impact of COVID-19 on going concern;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of C.A. Blackwell (Contracts) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle
19 October 2021

C.A. Blackwell (Contracts) Limited

Profit and Loss Account for the Year Ended 31 May 2021

	Note	2021 £ 000	2020 £ 000
Turnover	4	3,744	19,612
Cost of sales		<u>(6,772)</u>	<u>(18,975)</u>
Gross (loss)/profit		(3,028)	637
Administrative expenses		(2,286)	(3,255)
Other income		12,308	564
Other operating income		<u>381</u>	<u>173</u>
Operating profit/(loss)	5	7,375	(1,881)
Interest payable and similar expenses	6	<u>(524)</u>	<u>(748)</u>
Profit/(loss) before tax		6,851	(2,629)
Tax on profit/(loss)	10	<u>(766)</u>	<u>1,389</u>
Profit/(loss) for the financial year		<u><u>6,085</u></u>	<u><u>(1,240)</u></u>

The above results were derived from continuing operations.

There was no other comprehensive income in addition to the result for the year shown above. (2020: £nil).

C.A. Blackwell (Contracts) Limited

(Registration number: 00570590)
Balance Sheet as at 31 May 2021

	Note	31 May 2021 £ 000	31 May 2020 £ 000
Fixed assets			
Investments	11	888	888
Tangible assets	12	245	1,468
Right of use assets	13	-	7,077
Deferred tax assets	10	-	577
		<u>1,133</u>	<u>10,010</u>
Current assets			
Stocks	14	-	36
Debtors	15	5,030	4,287
Cash at bank and in hand		1,166	908
Contract assets	16	1,720	10,979
Other investments		<u>117</u>	<u>117</u>
		8,033	16,327
Creditors: Amounts falling due within one year	17, 18	<u>(10,801)</u>	<u>(29,878)</u>
Net current liabilities		<u>(2,768)</u>	<u>(13,551)</u>
Total assets less current liabilities		(1,635)	(3,541)
Creditors: Amounts falling due after more than one year	17, 18	-	(3,229)
Provisions for liabilities	20, 10	<u>(2,083)</u>	<u>(3,033)</u>
Net liabilities		<u>(3,718)</u>	<u>(9,803)</u>
Capital and reserves			
Called up share capital	21	896	896
Capital contribution reserve		154	154
Profit and loss account		<u>(4,768)</u>	<u>(10,853)</u>
Total shareholders' deficit		<u>(3,718)</u>	<u>(9,803)</u>

These financial statements on pages 11 to 35 were approved by the director of directors on 19 October 2021



.....
NK Fraser
Director

C.A. Blackwell (Contracts) Limited

Statement of Changes in Equity for the Year Ended 31 May 2021

	Called up share capital £ 000	Capital contribution reserve £ 000	Revaluation reserve £ 000	Accumulated loss £ 000	Total £ 000
At 1 June 2019	896	80	32	(9,629)	(8,621)
Change in accounting policy	-	-	-	(16)	(16)
At 1 June 2019 (As restated)	896	80	32	(9,645)	(8,637)
Loss for the year	-	-	-	(1,240)	(1,240)
Total comprehensive expense	-	-	-	(1,240)	(1,240)
Revaluation reserve recycled to profit and loss account	-	-	(32)	32	-
Share based payment transactions	-	74	-	-	74
At 31 May 2020	896	154	-	(10,853)	(9,803)
		Share capital £ 000	Capital contribution reserve £ 000	Accumulated loss £ 000	Total £ 000
At 1 June 2020		896	154	(10,853)	(9,803)
Profit for the year		-	-	6,085	6,085
Total comprehensive income		-	-	6,085	6,085
At 31 May 2021		896	154	(4,768)	(3,718)

The notes on pages 14 to 35 form an integral part of these financial statements.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England within the UK.

The address of its registered office is:

West Terrace
Esh Winning
County Durham
DH7 9PT

These financial statements were authorised for issue by the director on 19 October 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared on the historical cost basis modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hargreaves Services plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company has net current liabilities of £2,768,000 (2020: £13,551,000 net current liabilities) and a profit before tax of £6,851,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, Hargreaves Services plc not seeking repayment of the amounts currently due to the group, which at 31 May 2021 amounted to £7,929,000 and providing additional financial support during that period. Hargreaves Services plc will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

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

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 June 2020 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to specialist earth moving, infrastructure construction and civil engineering. This revenue is recognised over time in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations in contracts consist of the delivery of milestones or progress against the services described in the contract. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date using the input method of estimating progress of delivery at the reporting date. The stage of completion of a contract is assessed with reference to completion of a physical proportion of the contract work.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Transaction price

The transaction price is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the turnover is subject to variability. When turnover is variable, the Company estimates the amount of consideration to be recovered. Turnover is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Company reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation.

Turnover is measured excluding value added tax, for goods and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of goods supplied and services provided are recognised in the profit and loss account in the period to which they relate. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Contract assets and receivables

Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprises costs incurred plus attributable margin.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Government grants

The Company has received UK Government monies under the Coronavirus Job Retention Scheme, as this scheme involves the transfer of resources from the UK Government to the Company this is considered to be a government grant. The scheme is intended to compensate for staff costs and therefore amounts received are recognised in the profit and loss account over the same period to which the staff costs relate. The income received is presented net of the staff costs within the profit and loss account.

Finance income and costs policy

Net financing costs comprise interest payable, finance charges on leases and interest receivable on funds invested net of the interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payment is established.

Tax

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

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings and leasehold improvements	2-4% per annum straight line
Motor vehicles and plant	10-33% per annum straight line
Furniture, fittings and equipment	15-25% per annum straight line

Depreciation of right of use assets is based on the same categorisation as above.

Investments

Investments in subsidiary undertakings are stated at cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtor is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Defined contribution pension obligation

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The share option programme allows employees to acquire shares of the parent company, Hargreaves Services plc.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Where the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share based payments as equity-settled.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and key sources of estimation uncertainty

Contract provision

The Company has made provisions against contract assets which require judgements to be made regarding recoverable amounts. The nature of these items are such that their timing and quantum is uncertain and so the Directors have made judgements based upon the facts as they are known at the date of this report. The view has been taken that all of these items could potentially occur within the next twelve months and so all of the provision has been classified as current. The carrying value of contract provisions at 31 May 2021 is £1,200,000 (2020: £3,033,000).

Construction contract revenue

IFRS 15, Revenue from Contracts with Customers, is applicable to these financial statements, commencing on 1 June 2018. Whilst it applies to all revenue recognition, "Construction Contracts", and represents a key area of judgement. Management must assess the performance obligations under each contract and the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The estimates and judgements which management must carry out to assess the total expected costs on a contract remain necessary under IFRS 15. The Company has control and review procedures in place to monitor, and evaluate, regularly, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to expected financial outcomes. Construction contract revenue in the year ended 31 May 2021 was £3,174,000 (2020: £18,399,000).

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Deferred tax asset at 31 May 2021 was £880,000 (2020: £557,000).

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Sale of goods	120	-
Construction contract revenue	3,174	18,399
Rendering of services	450	1,213
	<u>3,744</u>	<u>19,612</u>

The analysis of the company's turnover for the year by class of business is as follows:

	2021	2020
	£ 000	£ 000
At a point in time	120	-
Over time	3,624	19,612
	<u>3,744</u>	<u>19,612</u>

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£ 000	£ 000
UK	<u>3,744</u>	<u>19,612</u>

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation expense	148	988
Depreciation on right-of-use assets - Motor vehicles and plant	49	1,287
Depreciation on right-of-use assets - Land and buildings	-	99
Profit on disposal of trade and assets	<u>(12,308)</u>	<u>(564)</u>

During the year, the Company sold certain of its trade and assets to Blackwell Earthmoving Limited, a fellow subsidiary of Hargreaves Services Plc, generating a gain of £12.1m.

The company disposed of the fixed assets and associated leasing debt for book value, which is a fair approximation of market value. The additional £12.1m receipt relates to the employees, brand, know-how, HS2 contract and tax losses of CABC. Given that this payment represents a best estimate of market value for the assets, this is recorded as a profit in the P&L of CABC.

The remaining gain of £0.2m relates to other gains on disposal of fixed assets.

6 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	524	524
Interest expense on leases	<u>-</u>	<u>224</u>
	<u>524</u>	<u>748</u>

7 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	Note	2021 £ 000	2020 £ 000
Wages and salaries		3,170	7,261
Social security costs		339	720
Pension costs, defined contribution scheme	22	273	386
Share-based payment expenses	23	<u>-</u>	<u>74</u>
		<u>3,782</u>	<u>8,441</u>

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

7 Staff costs (continued)

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Contract staff	60	127
Office and management staff	12	18
Directors	3	3
	<u>75</u>	<u>148</u>

8 Director remuneration

The director's remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	186	673
Contributions paid to money purchase schemes	7	31
	<u>193</u>	<u>704</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under defined benefit pension scheme	3	3

The remuneration of certain directors in the year was borne by a fellow subsidiary undertaking of the ultimate parent company, Hargreaves Services plc, and the details of that remuneration are disclosed in Hargreaves Services plc's accounts.

Included in the table above for the prior year was two directors who work across the group. An amount of £236,000 in relation to directors remuneration and £14,000 in relation to pension scheme contributions were recharged from Hargreaves (UK) Services Limited for services provided to C.A. Blackwell by these directors, who are employed by Hargreaves (UK) Services Limited. In the year ended 31 May 2021 no such charges were made, and all director costs were borne directly by the Company.

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	186	173
Company contributions to money purchase pension schemes	7	13

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

9 Auditors' remuneration

	2021	2020
	£ 000	£ 000
Audit of the financial statements	<u>35</u>	<u>54</u>

Amounts receivable by the Company's auditors in respect of services to the Company and their associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hargreaves Services plc.

10 Tax on profit/(loss)

Tax (credited) in the profit and loss account

	2021	2020
	£ 000	£ 000
Current taxation		
UK corporation tax adjustment to prior periods	305	1
Group relief	<u>(999)</u>	<u>(487)</u>
	<u>(694)</u>	<u>(486)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	1,512	(904)
Arising from changes in tax rates and laws	(214)	35
Arising from write-down or reversal of write-down of deferred tax asset	<u>162</u>	<u>(34)</u>
Total deferred taxation	<u>1,460</u>	<u>(903)</u>
Tax expense/(receipt) in the profit and loss account	<u>766</u>	<u>(1,389)</u>

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

10 Tax on profit/(loss) (continued)

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	6,851	(2,629)
Corporation tax at standard rate	1,302	(500)
Increase in current tax from adjustment for prior periods	304	1
Decrease from effect of income exempt from taxation	(2,299)	-
Increase/(decrease) from effect of expenses not deductible in determining taxable profit/(tax loss)	3	(14)
Decrease in current tax from unrecognised tax loss or credit	(255)	(877)
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	162	(34)
Deferred tax (credit)/expense relating to changes in tax rates or laws	(214)	35
Increase from effect of unrelieved losses on disposal operations	1,763	-
Total tax charge/(credit)	766	(1,389)

Factors that may affect future tax expenses

Following the March 2021 budget, the corporate tax rate will increase from 19% to 25% with effect from 1 April 2025. The deferred tax balances at 31 May 2021 and 31 May 2020 have been calculated based on the rate substantively enacted at the balance sheet date of 25% and 19% respectively.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

10 Tax on profit/(loss) (continued)

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 June 2020 £ 000	Recognised in income £ 000	At 31 May 2021 £ 000
Share-based payment	1	-	1
Tangible fixed assets	(364)	(520)	(884)
Tax losses carry-forwards	931	(931)	-
Temporary timing differences	9	(9)	-
Net tax assets/(liabilities)	577	(1,460)	(883)

Deferred tax movement during the prior year:

	At 1 June 2019 £ 000	Recognised in income £ 000	At 31 May 2020 £ 000
Share-based payment	9	(8)	1
Tangible fixed assets	(337)	(27)	(364)
Tax losses carry-forwards	-	931	931
Temporary timing differences	2	7	9
Net tax assets/(liabilities)	(326)	903	577

11 Investments

Subsidiaries

£ 000

Cost or valuation

At 1 June 2020

888

At 31 May 2021

888

Carrying amount

At 31 May 2021

888

At 31 May 2020

888

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

11 Investments (continued)

Details of the subsidiaries as at 31 May 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
HBR Limited*	Land remediation, civil engineering and building works	Esh Winning UK	100%	100%
Geofirma Soils Engineering Limited*	Soil stabilisation	Esh Winning UK	100%	100%

* indicates direct investment of C.A. Blackwell Group Limited

12 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles and plant £ 000	Total £ 000
Cost or valuation				
At 1 June 2019	362	160	23,572	24,094
Additions	-	65	286	351
Disposals	-	-	(9,651)	(9,651)
Transfers to right of use assets	-	-	(8,432)	(8,432)
At 31 May 2020	362	225	5,775	6,362
At 1 June 2020	362	225	5,775	6,362
Disposals	-	(57)	(5,775)	(5,832)
At 31 May 2021	362	168	-	530
Depreciation				
At 1 June 2019	103	142	12,503	12,748
Charge for year	7	66	915	988
Eliminated on disposal	-	-	(7,707)	(7,707)
Transfers to right of use assets	-	-	(1,135)	(1,135)
At 31 May 2020	110	208	4,576	4,894
At 1 June 2020	110	208	4,576	4,894
Charge for the year	7	9	132	148
Eliminated on disposal	-	(49)	(4,708)	(4,757)
At 31 May 2021	117	168	-	285

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

12 Tangible assets (continued)

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles and plant £ 000	Total £ 000
Carrying amount				
At 31 May 2021	245	-	-	245
At 31 May 2020	252	17	1,199	1,468
At 1 June 2019	259	18	11,069	11,346

13 Right of use assets

	Machinery £ 000	Property £ 000	Total £ 000
Cost or valuation			
At 1 June 2019	967	136	1,103
Additions	1,097	131	1,228
Disposals	(1,632)	(88)	(1,720)
Transfers from fixed assets	8,432	-	8,432
At 31 May 2020	8,864	179	9,043
At 1 June 2020	8,864	179	9,043
Additions	10	-	10
Disposals	(8,874)	(179)	(9,053)
At 31 May 2021	-	-	-
Accumulated depreciation			
At 1 June 2019	319	56	375
Charge for year	1,287	99	1,386
Eliminated on disposal	(842)	(88)	(930)
Transfers from fixed assets	1,135	-	1,135
At 31 May 2020	1,899	67	1,966
At 1 June 2020	1,899	66	1,965
Charge for the year	49	-	49
Eliminated on disposal	(1,948)	(66)	(2,014)
At 31 May 2021	-	-	-
Carrying amount			
At 31 May 2021	-	-	-
At 31 May 2020	6,965	112	7,077

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

14 Stocks

	31 May 2021 £ 000	31 May 2020 £ 000
Raw materials and consumables	<u>-</u>	<u>36</u>

The cost of stock recognised as an expense in the year amounted to £35,725 (2020 - £1,206,000). This is included within cost of sales.

15 Debtors

	31 May 2021 £ 000	31 May 2020 £ 000
Trade debtors	2,817	2,255
Provision for impairment of trade debtors	<u>-</u>	<u>(91)</u>
Net trade debtors	2,817	2,164
Loans to group undertakings	633	1,498
Accrued income	53	139
Group relief receivable	999	486
Other debtors	<u>528</u>	<u>-</u>
	<u>5,030</u>	<u>4,287</u>

Loans to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Contract assets

	2021 £ 000	2020 £ 000
At 1 June	10,979	17,735
Transfers from contracts assets recognised at the beginning of the year to receivables	(6,334)	(9,318)
Increase related to services provided in the year	931	3,781
Reclassified from Contract Provisions	-	(97)
Impairments on contract assets	(3,856)	(1,122)
At 31 May	<u>1,720</u>	<u>10,979</u>

At 31 May 2021 aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £66,908,000 (2020: £71,252,000).

Progress billings and advances received from customers under open construction contracts amounted to £66,329,000 (2020: £61,867,000).

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

16 Contract assets (continued)

Contract liabilities being advances for which related work has not started, and billings in excess of costs incurred and recognised profits are included as deferred income and amounted to £nil at 31 May 2021 (2020: £21,000).

Contract assets include £1,141,000 (2020: £1,574,000) relating to retentions, of which £354,000 (2020: £635,000) are expected to be recovered in more than 12 months.

17 Creditors: amounts due within one year

	31 May 2021 £ 000	31 May 2020 £ 000
Amounts due to group undertakings	7,929	23,370
Trade creditors	714	979
Accrued expenses	2,132	2,599
Social security and other taxes	24	1,266
Outstanding defined contribution pension costs	2	25
Current portion of long term lease liabilities	-	1,639
	<u>10,801</u>	<u>29,878</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18 Creditors: amounts falling due after more than one year

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost.

	31 May 2021 £ 000	31 May 2020 £ 000
Non-current loans and borrowings		
Lease liabilities	-	3,229
	<u>-</u>	<u>3,229</u>
Current loans and borrowings		
Lease liabilities	-	1,639
<i>Terms and debt repayment schedule</i>	<u>-</u>	<u>1,639</u>

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

18 Creditors: amounts falling due after more than one year (continued)

	Currency	Nominal interest rate	Year of maturity	Face value 2021 £ 000	Carrying value 2021 £ 000	Fair value 2020 £ 000	Carrying value 2020 £ 000
Lease liabilities	Sterling	3.70%	2021-2023	-	-	4,868	4,868

During the year, the company sold certain of its trade and assets to Blackwell Earthmoving Limited.

19 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 May 2021 £ 000	31 May 2020 £ 000
Less than one year	-	1,639
2 years	-	3,229
Total lease liabilities (undiscounted)	<u>-</u>	<u>4,868</u>

20 Provisions for liabilities

	Contract provisions £ 000	Total £ 000
At 1 June 2020	3,033	3,033
Provisions used	<u>(1,833)</u>	<u>(1,833)</u>
At 31 May 2021	<u>1,200</u>	<u>1,200</u>
Non-current liabilities	<u>1,200</u>	<u>1,200</u>

The contract provisions of £1,200,000 (2020: £3,033,000) represent losses expected to arise, but not yet incurred on construction contracts.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

21 Called up share capital

Allotted, called up and fully paid shares

	31 May 2021		31 May 2020	
	No.	£	No.	£
Ordinary shares of £0.25 each	<u>3,584,000</u>	<u>896,000.00</u>	<u>3,584,000</u>	<u>896,000.00</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £273,000 (2020 - £386,000).

Contributions totalling £2,000 (2020 - £25,000) were payable to the scheme at the end of the year and are included in creditors.

23 Share-based payments

Deferred Bonus Scheme

Scheme details and movements

The scheme is available to senior employees within the business. The options will vest upon the employee completing the service obligation, which requires their continued employment for a period of three years. The options are deferred bonus scheme.

The movements in the number of share options during the year were as follows:

	31 May 2021	31 May 2020
	Number	Number
Outstanding, start of period	163,970	244,296
Granted during the period	101,283	74,470
Forfeited during the period	(61,904)	-
Exercised during the period	(29,260)	(154,796)
Outstanding, end of period	<u>174,089</u>	<u>163,970</u>

The weighted average share price at date of exercise of share options exercised during the year was 312.00p (2020 - 271.00p).

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

23 Share-based payments (continued)

Outstanding share options

Details of share options outstanding at the end of the year are as follows:

	31 May 2021	31 May 2020
Number of share options outstanding	174,089	163,970
Expected weighted average remaining life (years)	<u>1.00</u>	<u>2.00</u>

24 Related party transactions

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties.

25 Contingent liabilities

The Company is party to a group composite debenture arrangement with certain of the companies in the Hargreaves Services plc group. This is in respect of the banking arrangements of Hargreaves Services plc (as outlined further in the Hargreaves Services plc group accounts) which are secured by means of both fixed and floating charges over all assets and undertakings of the Company. The total amount drawn on the group banking facility at 31 May 2021 was £nil (2020: £32,000,000).

The company has performance bonds and guarantees in place in relation to various performance obligations under certain contracts. The total value of these bonds as at 31 May 2021 is £1.8m (2020: £4.8m).

The Company is in receipt of a pre-action protocol letter alleging that it is responsible for defects caused by an inadequate design on a contract which was completed in 2016. This was a design and build contract where the design element had been novated to the Company although the design was carried out by an independent third party. The matter has been referred to the Company's insurers and a pre-action protocol letter has been sent by the Company to the design consultants whom the Board and their advisors consider are responsible for any defective design. The Board considers that should the design be proven to be faulty, whilst the Company would have liability under the contract, any loss would be recovered through its action against the design consultancy. Substantial Professional Indemnity insurance cover is held both by the Company and the design consultancy, however should the costs of rectification of any proven defect exceed that insurance cover and the design consultancy not have sufficient resources to meet the costs, then the Company may suffer a loss, although it is not possible at this stage to be able to quantify any possible loss.

26 Parent and ultimate parent undertaking

The company's immediate parent is C.A. Blackwell Group Limited.

The ultimate parent is Hargreaves Services plc. The only group in which the results of the Company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from their registered address West Terrace, Esh Winning, Durham, DH7 9PT.

C.A. Blackwell (Contracts) Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

27 Reserves

Capital contribution reserve

The capital contribution reserve comprises cumulative share based payments. The movement during the prior year relates to the share-based payment expense recognised for the share options.