

Company Registration No. 00708997 (England and Wales)

CONLON CONSTRUCTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022




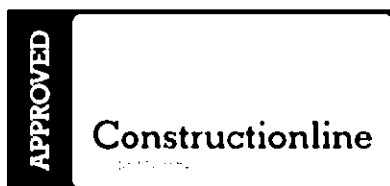
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SAFETY



ENVIRONMENTAL MANAGEMENT



QUALITY MANAGEMENT

CONLON CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	Ms M Boland Mr M G Conlon Mr G E Parker Mr A Makinson Mr D S Lee Ms N L A Ng Mr L J Parry
Secretary	Ms N L A Ng
Company number	00708997
Registered office	Charnley Fold Lane Bamber Bridge Preston PR5 6BE
Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL

CONLON CONSTRUCTION LIMITED

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CONLON CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present the strategic report for the year ended 31 October 2022.

Review of the business

Turnover was as expected at £33.4m for the year (2021: £44.0m for an 18-month period) with gross margins at 16% (2021: 18.6%).

The directors report that the Company had a satisfactory year, with an operating profit of £0.876m at 2.6% margin (2021: operating profit before exceptional item £2.28m at 5.2%).

The net profit before tax was pleasing at £1.01m (2021: £0.419m).

The directors also report that the Company's net assets were £6.4m (2021: £5.9m) including distributable profits of £5.9m (2021: £5.6m). Fixed assets increased to £0.8m (2021: £0.67m) due to the revaluation of the Head Office property.

Current assets exceeded current liabilities by £5.99m (2021: £5.53m).

Our strong cash reserves continue to give our clients confidence when appointing us to undertake their projects.

CONLON CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Forward plans

The directors are focused on continuing the policy to procure work where possible via negotiated and partnered activity. This strategy has served the company well to date and further framework opportunities will continue to be actively pursued as the preferred method of obtaining turnover. Design and build continue to be the main means of procurement within the frameworks in which we operate. The directors are ensuring that the management of this type of work is appropriately resourced. Any increases in turnover will always be managed to the standards expected both by clients and ourselves.

The directors' preferred platform for growth remains, where possible, to pursue an incremental increase in the average size of the projects we undertake. Whilst this has been achieved continuously over many years and continues to underpin our growth strategy both the market and the work pipeline of regular clients can affect this. Specific impacts upon the construction market have been the effect of increased interest rates and inflationary pressure upon client budgets. The average project size this year was £3.4m (2021: £4.2m). The value of the largest project undertaken by the company was £11.2m (2021: £10.8m).

Strategies

'Responsible Construction Strategy' – guides our approach to responsible construction, procurement and carbon management. This policy is also used to engage our key supply chain members.

Our 'Social Responsibility' and 'Health and Safety' strategies have been developed and improved during the last four years. These focus on the occupational health and well-being of our employees, supply chain members and the communities in which we work. We continue to develop our vision and values with supply chain partners through joint business improvement events. This collective work with our supply chain includes several charities and community programmes that are benefitting from our long-term links.

Re-accreditations

We are delighted to have received a ninth successive RoSPA Gold Award for Health and safety performance.

Our annual re-accreditation for CHAS (Construction Health & Safety Scheme) took place and is current until September 2023.

We remained successful in retaining Cyber Essentials and Cyber Essentials Plus Certification in April 2022.

We were also successful in maintaining our ISO 9001:2015 standard for Quality Management, 14001:2015 for our Environmental Management Systems and ISO 45001:2018 for Health & Safety Management.

Awards

In addition, we also achieved Investors in People Gold in March 22. During the year, we achieved a Leading Lights Award for Community Engagement at Colton House Respite Centre as part of the Considerate Constructors Scheme. Our average Considerate Constructor Scheme Score for the year was 43.5.

Modern slavery

The company is aware of its obligations under the Modern Slavery Act and has reviewed and updated the Modern Slavery and Whistleblowing policies. These are publicised on our website - www.conlon-construction.co.uk - in offices and on sites to raise awareness amongst employees, supply chain members, clients and visitors. Posters have been designed and strategically placed to highlight the Modern Slavery telephone helpline numbers.

We have appointed 'Unseen' to assist us in preventing any potential contraventions of our Modern Slavery Policy within our supply chain and the manufacture of any materials specified on our projects. Unseen has also been chosen to be our annual 'Charity of The Year' for their work in providing safehouses and support in the community for survivors of trafficking and modern slavery. Our fundraising page is www.justgiving.co/page/conlon-construction-unseen.

CONLON CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Key performance indicators

Financial Key Performance Indicators are outlined in the 'Review of the Business' section above. They include Net Profit Before Tax and Net Assets.

Non-financial Key Performance Indicators are measured on an annual basis via a "Customer Satisfaction - Analysis of Performance Questionnaire". This process forms part of our ISO 9001:2015 accredited management system. Clients and/or End Users are asked to score the Conlon Construction business on 18 indicators, including Customer Satisfaction with the Product, Service, the Time it has taken to complete the works, Communication, Environment, Health & Safety, Project Team staff and After Care service. In the 2021/22 year, the business achieved an average score of 9.6 out of 10 compared to an industry average score of 8 out of 10. Any scores or client feedback that require improvement feature as agenda items at our regular Business Improvement days. As a result, we are continuously improving our performance and service.

Principal risks and uncertainties

The War in Ukraine has led to significant price increases in materials, labour and energy. We are very aware of the impacts that this is having on our business and our stakeholders. We are committed to protecting our business operations and minimising risks wherever possible.

The Group embodies a risk aware strategy approach to all its activities in order to deliver a strong financial performance, enabling us to strengthen our strategic path and long-term sustainability of the business. In particular, risks to the following two aspects of our main business activity are managed as follows:

Bidding

The company bids selectively for a large number of contracts between £500k and £20m. Each potential project is carefully appraised by senior commercial staff in accordance with our Quality Management Systems. Projects are assessed for risk, particularly in terms of design, buildability and programme; as well as checks on both client and supply chain credit ratings, as appropriate. Projects are taken through to a detailed estimate stage and are then placed before our tender review panel prior to final submission.

Delivery

Project delivery is managed through the infrastructure of Construction Operations. Each project is managed using approved procedures including regular and frequent reviews of build progress, cost control, supply chain management and client satisfaction, against a background of rigorous health and safety compliance. Any issues affecting project delivery are continuously monitored so that any operational or commercial matters can be addressed in a timely and efficient manner.

CONLON CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Directors statement of compliance with the duty to promote success of the company

This statement by the Board of Directors describes how they have approached the responsibilities under s172(1)(a) to (f) of the Company's Act 2006 in the financial year ending 31 October 2022. The Board considers that they have acted in good faith to promote the success of the company on behalf of its stakeholders who consist of shareholders, employees, clients and the supply chain.

The Board monitors and reviews the strategic objectives against forward plans. Regular reviews are held across key business areas, including; health, safety & the environment, operational and financial performance, risks and opportunities. The company's performance is reviewed on a monthly basis.

The overriding principle in the governance of Conlon Construction Limited is that of ensuring transparent conduct which reflects fairness in all dealings with employees, clients and the supply chain. A testament to this, is reflected in the length of service of our employees and senior management team.

The company has an Equal Opportunities and Diversity Policy relating to all aspects of employment. Employees are kept informed of matters of concern to them in a variety of ways, including business improvement days, newsletters, meetings and regular communications to staff. The aim of these communications are to ensure a high level of awareness among employees regarding the performance of the business.

The Board's aim is to forge lasting business relationships with its stakeholders by conducting the business with honesty, integrity and professionalism.

The Board takes environmental matters into consideration as part of its decision-making process, in order to minimise the company's impact on the environment wherever possible. By communicating our aims to employees and our supply chain, we ensure that all parties are aware of their environmental responsibilities.

The Board's intentions are to behave responsibly towards all stakeholders and to treat them fairly and equally, to ensure they all benefit from the long-term success of the company.

The directors have overall responsibility for determining the company's purpose, values and strategy and for ensuring high standards of governance. The primary aim of the directors is to promote the long-term sustainable success of the company, generating value for stakeholders. Throughout the next financial year, the directors will continue to review and challenge how the company can improve engagement with all stakeholders.

Summary

Customer commitment remains at the heart of everything we do. Our staff and valued supply chain continue to nurture these business relationships enhancing our core values and reputation within the industry.

On behalf of the board

.....
Mr M G Conlon
Director

.....

CONLON CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their annual report and financial statements for the year ended 31 October 2022.

Principal activities

The principal activities of the Company in the year under review were those of construction and property development.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £600,000. 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:

Ms M Boland
Mr M G Conlon
Mr G E Parker
Mr A Makinson
Mr D S Lee
Ms N L A Ng
Mr L J Parry

Financial instruments

The company finances its operations through a mixture of retained profits and where necessary to fund capital expansion or capital expenditure programmes, through bank borrowings.

The directors' objectives are to:

- Retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

Where appropriate funds are invested in short term variable rate deposit bank accounts, as well as instant access call accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with UK institutions.

Auditor

The auditor, Beever and Struthers, was appointed during the year.

Energy and carbon report

The company is not required to report its carbon emissions and energy use data because this information is disclosed, on a consolidated basis, in the financial statements of Conlon Holdings Limited. Copies of these financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

CONLON CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Information referred to in the 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.

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 M G Conlon
Director

21 April 2023

CONLON CONSTRUCTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONLON CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CONLON CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of Conlon Construction Limited (the 'company') for the year ended 31 October 2022 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 31 October 2022 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.

CONLON CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONLON 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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

CONLON CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONLON CONSTRUCTION LIMITED

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006 and tax legislation.
- We enquired of the directors and reviewed correspondence and directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

Iain Round BSc FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers
Chartered Accountants
Statutory Auditor

One Express
1 George Leigh Street
Manchester
M4 5DL

21 April 2023

CONLON CONSTRUCTION LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022**

		Year ended 31 October 2022 £'000	18m period ended 31 October 2021 £'000
	Notes		
Turnover	3	33,446	43,957
Cost of sales		(28,096)	(35,760)
Gross profit		5,350	8,197
Administrative expenses		(4,518)	(6,014)
Other operating income		44	98
Operating profit before exceptional item	6	876	2,281
Exceptional items	4	-	(1,924)
Operating profit	6	876	357
Interest receivable and similar income	9	131	62
Profit before taxation		1,007	419
Tax on profit	10	(90)	(93)
Profit for the financial year		917	326
Other comprehensive income			
Revaluation of tangible fixed assets		191	-
Total comprehensive income for the year		1,108	326

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

CONLON CONSTRUCTION LIMITED**BALANCE SHEET****AS AT 31 OCTOBER 2022**

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		803		669
Current assets					
Stocks	13	685		707	
Debtors falling due after more than one year	14	5,684		3,686	
Debtors falling due within one year	14	4,789		6,375	
Cash at bank and in hand		4,096		6,558	
		15,254		17,326	
Creditors: amounts falling due within one year	15	(9,262)		(11,799)	
Net current assets			5,992		5,527
Total assets less current liabilities			6,795		6,196
Creditors: amounts falling due after more than one year	16		(360)		(255)
Provisions for liabilities					
Deferred tax liability	17	-		14	(14)
Net assets			6,435		5,927
Capital and reserves					
Called up share capital	19		10		10
Revaluation reserve			528		347
Profit and loss reserves			5,897		5,570
Total equity			6,435		5,927

The financial statements were approved by the board of directors and authorised for issue on 21 April 2023 and are signed on its behalf by:

Mr G E Parker
Director

Ms N L A Ng
Director

Company Registration No. 00708997

CONLON CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2022

		Share capital	Revaluation reserves	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 May 2020		10	360	5,830	6,200
Period ended 31 October 2021:					
Profit and total comprehensive income for the period		-	-	326	326
Dividends	11	-	-	(600)	(600)
Transfers		-	(13)	13	-
Balance at 31 October 2021		10	347	5,570	5,927
Year ended 31 October 2022:					
Profit for the year		-	-	917	917
Other comprehensive income:					
Revaluation of tangible fixed assets		-	191	-	191
Total comprehensive income for the year		-	191	917	1,108
Dividends	11	-	-	(600)	(600)
Transfers		-	(10)	10	-
Balance at 31 October 2022		10	528	5,897	6,435

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

Company information

Conlon Construction Limited is a company limited by shares incorporated in England and Wales. The registered office is Charnley Fold Lane, Bamber Bridge, Preston, PR5 6BE.

1.1 Reporting period

The company has prepared accounts for the year to 31 October 2022. The previous financial period covers the 18 months to 31 October 2021, therefore the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.2 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 and group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. 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 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The financial statements of the company are consolidated in the financial statements of Conlon Holdings Limited. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3 Going concern

At the time of approving the financial statements and after making reference to financial projections, the directors have a reasonable expectation that the company has adequate cash resources to continue in operational existence for the foreseeable future, meeting all liabilities as they fall due for payment. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

1.4 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.

All other operating income is recognised only when the company becomes eligible to recognise it, being when due service has been delivered or upon cash receipt.

1.5 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	Over 37 years
Fixtures, fittings and equipment	10% to 15% per annum on cost
Computer equipment	33% per annum on cost
Motor vehicles	20% per annum on cost

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.

1.6 Impairment of fixed assets

At each reporting 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.

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.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

1.7 Stocks

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

Developments completed for sale are valued at the lower of cost and net realisable value after making due allowance for impairment.

Work in progress is valued at the lower of cost and net realisable value, after making due allowance for impairment. Cost includes all direct expenditure incurred along with an appropriate proportion of overheads.

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.

1.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

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 proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.9 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when it 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.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

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.

Impairment of financial assets

Financial assets 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 and loans from fellow group companies 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.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

All of the company's financial liabilities are basic financial instruments.

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

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

Deferred tax

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

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1.15 Leases

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.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of freehold land and buildings

The narrative within notes 1.5 and 1.6 to the financial statements provide further information in this area. The company engage the services of a suitably qualified external Surveyor to offer a considered opinion as to the valuation of this asset. The directors consider that this reduces the estimation uncertainty to an acceptable level.

Recognition of contract revenue and profit

This is a natural area of estimation uncertainty given the industry in which the company operates. The narrative within notes 1.4 and 1.8 to the financial statements provides further information.

The company uses suitably qualified Quantity Surveyors to assess the level of work done, associated revenue and thus profit recognition. These assessments are then reviewed by the company's finance team, providing an additional level of internal assurance that reduces the estimation uncertainty to an appropriate level.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

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.

Provision for irrecoverable trade debtors

At each balance sheet date, management undertake a review of the outstanding trade debtor balances and estimate the balance that should either be impaired or provided against.

This calculation is based on the financial position of the customers, the historical speed of payment and any ongoing discussions.

Recoverable value of fixed asset investments

At each balance sheet date management review the recoverable value of the company's equity investments and of the loan notes it has granted. This review includes enquiries as to the latest trading and financial positions of the entities involved, alongside the evaluation of other information they are privy to.

The directors concluded that an impairment charge was required in the previous period, as detailed within note 4 to the financial statements.

3 Turnover

An analysis of the company's turnover is as follows:

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Attributable to the construction contract revenue	33,266	43,777
Sale of residential property	180	180
	<u>33,446</u>	<u>43,957</u>

Group turnover in 2021 was for an 18 month period

4 Exceptional items

	2022 £'000	2021 £'000
Expenditure		
Impairment of loans	-	2,300
Write back of accruals	-	(376)
	<u>-</u>	<u>1,924</u>

In the prior period the directors booked an impairment equal to the full value of loan. An existing provision related to these loan notes was therefore released at the balance sheet date and the net charge to profit has been disclosed as an exceptional item in order to present a true and fair view of the company's underlying positive trading performance during the period.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

5 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	21	15
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	-	2
	<u> </u>	<u> </u>

6 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(60)
Depreciation of owned tangible fixed assets	69	107
	<u> </u>	<u> </u>

7 Employees

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

	2022 Number	2021 Number
Site employees	18	17
Administration employees	52	49
	<u> </u>	<u> </u>
Total	70	66
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	3,410	5,189
Social security costs	457	548
Pension costs	607	772
	<u> </u>	<u> </u>
	4,474	6,509
	<u> </u>	<u> </u>

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

8 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	846	1,284
Company pension contributions to defined contribution schemes	273	369
	<u>1,119</u>	<u>1,653</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2021 - 7).

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

	2022 £'000	2021 £'000
Remuneration for qualifying services	141	242
Company pension contributions to defined contribution schemes	52	47
	<u></u>	<u></u>

9 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	2	1
Other interest income	129	61
	<u>131</u>	<u>62</u>

10 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	177	96
Adjustments in respect of prior periods	(73)	-
	<u>104</u>	<u>96</u>
Deferred tax		
Origination and reversal of timing differences	(11)	(3)
Changes in tax rates	(3)	-
	<u>(14)</u>	<u>(3)</u>
Total tax charge	<u>90</u>	<u>93</u>

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

10 Taxation

(Continued)

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

	2022 £'000	2021 £'000
Profit before taxation	1,007	419
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	191	80
Tax effect of expenses that are not deductible in determining taxable profit	1	9
Tax effect of income not taxable in determining taxable profit	(1)	-
Adjustments in respect of prior years	(73)	-
Effect of change in corporation tax rate	(3)	4
Group relief	(25)	-
Taxation charge for the year	90	93

In March 2021 the Chancellor confirmed, in the budget, an increase in the corporation tax rate from 19% to 25%. The Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. The timing differences expected to reverse on or after 1 April 2023 have been accounted for at 25%.

11 Dividends

	2022 £'000	2021 £'000
Interim paid	600	600

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

12 Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 November 2021	676	143	489	43	1,351
Additions	-	17	6	-	23
Revaluation	74	-	-	-	74
	<u>750</u>	<u>160</u>	<u>495</u>	<u>43</u>	<u>1,448</u>
At 31 October 2022					
Depreciation and impairment					
At 1 November 2021	90	137	420	35	682
Depreciation charged in the year	16	4	44	5	69
Revaluation	(106)	-	-	-	(106)
	<u>-</u>	<u>141</u>	<u>464</u>	<u>40</u>	<u>645</u>
At 31 October 2022					
Carrying amount					
At 31 October 2022	<u>750</u>	<u>19</u>	<u>31</u>	<u>3</u>	<u>803</u>
At 31 October 2021	<u>586</u>	<u>6</u>	<u>69</u>	<u>8</u>	<u>669</u>

Included within freehold land and buildings is land valued at £140,000 (2021: £140,000) which is not depreciated.

Land and buildings with a carrying amount of £750,000 (2021: £586,000) were revalued at 31 October 2022 by Parker and Company Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

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

	2022 £'000	2021 £'000
Cost	379	379
Accumulated depreciation	(128)	(121)
Carrying value	<u>251</u>	<u>258</u>

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

13 Stocks

	2022 £'000	2021 £'000
Work in progress	186	28
Finished goods and goods for resale	499	679
	<u>685</u>	<u>707</u>

14 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	964	2,582
Gross amounts owed by contract customers	2,945	2,882
Corporation tax recoverable	-	100
Amounts owed by group undertakings	720	609
Other debtors	-	94
Prepayments and accrued income	160	108
	<u>4,789</u>	<u>6,375</u>

	2022 £'000	2021 £'000
Amounts falling due after more than one year:		
Gross amounts owed by contract customers	554	410
Amounts owed by group undertakings	5,130	3,276
	<u>5,684</u>	<u>3,686</u>

Total debtors	<u>10,473</u>	<u>10,061</u>
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15 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	4,255	6,017
Amounts owed to group undertakings	11	55
Corporation tax	68	-
Other taxation and social security	1,082	1,938
Other creditors	33	49
Accruals and deferred income	3,813	3,740
	<u>9,262</u>	<u>11,799</u>

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

16 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Trade creditors	360	255
	<u> </u>	<u> </u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £'000	Liabilities 2021 £'000
Balances:		
ACAs	8	21
Other short term timing differences	(8)	(7)
	<u> </u>	<u> </u>
	-	14
	<u> </u>	<u> </u>
Movements in the year:		2022 £'000
Liability at 1 November 2021		14
Credit to profit or loss		(11)
Effect of change in tax rate - profit or loss		(3)
		<u> </u>
Liability at 31 October 2022		-
		<u> </u>

18 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	607	772
	<u> </u>	<u> </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 balance sheet date the company owed £33,000 (2021: £28,000) in respect of defined contribution payments, which are stated within creditors.

CONLON CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

19 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Operating lease commitments

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:

	2022 £'000	2021 £'000
Within one year	-	28
Between two and five years	-	1
	<u> </u>	<u> </u>
	-	29
	<u> </u>	<u> </u>

21 Related party transactions

Transactions with related parties

No guarantees have been given or received.

The company has taken advantage of FRS102, section 33, in not disclosing transactions with other group companies as it is a wholly owned subsidiary of its parent company, who prepares consolidated financial statements.

22 Ultimate controlling party

The directors consider the ultimate parent company to be Conlon Holdings Limited, a company incorporated in England and Wales, which is the only undertaking that prepares group financial statements including those of this company.

Copies of the group financial statements of Conlon Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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