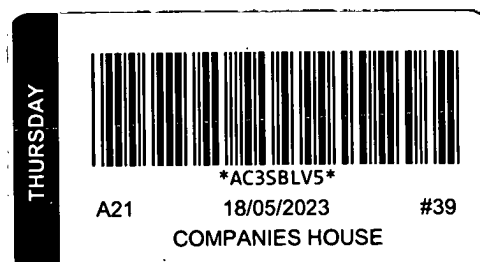


COMPANY REGISTRATION NUMBER: 03431388

Bateman Groundworks Limited
Financial statements
31 December 2022

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Bateman Groundworks Limited

Strategic report

Year ended 31 December 2022

Introduction

The principal activity of the company during the year was that of groundworks and light civil engineering, with focus on the new build residential sector.

Strategy

The company will look to strengthen its reputation in the sector through the continued provision of high levels of customer service and continue its current focus to attract new contracts and new clients on a local and regional basis in both the new build residential and commercial sectors and infrastructure schemes.

Objectives

The company aims to increase turnover and margin through increased levels of activity, stronger pricing, and active cost management ensuring maximum efficiency whilst maintaining excellent client delivery, communications, and support.

To develop the best teams through effective recruitment and development including provision of above industry standard training at all levels of the company, encompassing highest levels of health and safety training and management.

To secure and maintain use of best technology and plant in all our operations including improving our environmental impact.

Principal risks and uncertainties

The continued labour shortage experienced in the UK and local region remains a risk to business. Alongside this is rising inflation impacting cost of labour and materials.

To mitigate both and the volatility they can cause to demand in our industry, management have been regularly assessing the business' resilience to change and establishing plans that act to safeguard the business against several scenarios and their impact on turnover and operations.

The company remains agile to change, has developed strong relationships with clients and suppliers and continues to reinvest profits in order to retain a robust balance sheet and financial position. The company is well positioned to manage current and future risks and capitalise on present and future opportunities.

Bateman Groundworks Limited

Strategic report *(continued)*

Year ended 31 December 2022

Business review

2022 has been an exceptionally strong year, where the company has continued to grow turnover and retained profit. Year on year turnover increased by 20% to £48.472m and was achieved through consistent delivery throughout the year both from existing and new project developments. Operationally we have maintained our service delivery on quality, health and safety and build programmes despite on-going challenges with material lead times, price inflation, and the availability of sufficient skilled labour. This has ensured we continue to secure extended phases on several existing projects and been successful in obtaining the award of three new site starts during the first half of the year.

The company has significantly invested in its plant, machinery, and vehicle fleet during the year. This is to match the project portfolio and maintain the appropriate balance between owned and leased plant utilised on project delivery. We continue to support our people with access to the best equipment and training, development opportunities, ensuring we retain and recruit the best people to continue to deliver the planned growth and sustainable operations.

The shareholders' funds amount to £10.2m (2021: £7.3m).

The year-end position of the company is satisfactory, and the business has continued to maintain a strong focus on cost control and working capital management in delivering the growth achieved during 2022.

The directors have evaluated the company's financial position including reviewing post year end management information and forward-looking information. The directors consider the company is in a strong position with sufficient cash and financing arrangements to meet its liabilities as they fall due.

The key performance indicators are turnover and profit. Given the straightforward nature of the business, the company directors are of the opinion that further analysis of key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

Future outlook

Despite the current challenging economic conditions of high inflation, rising interest rates and a slowdown in the housing market the company remains positive about the opportunities for 2023. We have a strong order book which we are continuing to deliver throughout 2023 and beyond. In addition to this we have had a successful 1st quarter in winning over £24m of new long-term contract work and the pipeline of enquiries and tender submissions remains very busy for the remainder of the year. These new site starts will contribute to the turnover in the year and management expect to deliver a result consistent with that achieved in 2022. This will enable us to consolidate at this level of operations and continue to enhance on quality and delivery setting the platform for further projected growth in 2024. We will also continue to work closely with all our clients in understanding their build plan deliverables and goals, ensuring we remain agile to varying demand and demonstrating our ability to adapt quickly and effectively to respond and deliver for our clients.

The company remains in a very strong position with a good order book of long-term contracts and active tendering and negotiations on several new projects in the region that are expected to commence during the end of 2023 and going into 2024. This is a key focus for the business as we look to continue to grow over the next few years.

The financial and operational resilience planning incorporated over the last few years within the business has helped the company adapt and achieve the results in 2022 and during the start of 2023. It remains well positioned to deliver on existing contracts and capitalise on new opportunities. Management remains focussed on forecasting and working with our clients and supply chain to identify and understand market trends that impact the business while there remains uncertainty and volatility in the economy and industry, in order to safeguard the business and all its stakeholders and provide confidence for the foreseeable future.

Bateman Groundworks Limited

Strategic report *(continued)*

Year ended 31 December 2022

Section 172(1) statement

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so a director of a company must have regard (amongst other matters) to:-

- a. The likely consequences of any decision in the long term;
- b. The interests of the company's employees;
- c. The need to foster the company's business relationships with suppliers, customers and others;
- d. The impact of the company's operations on the community and the environment;
- e. The desirability of the company maintaining a reputation for high standards of business conduct; and
- f. The need to act fairly as between members of the company.

Decision Making, Culture, Values and Conduct

The Board fulfils its duties to act in good faith to promote the success of the company through its implementation of the company strategy and business plan. Our objective is to be the best in the groundworks and civil engineering sector, inspiring people and exceeding expectations. We have clear established values that run through the company and are at the core of all strategic decision making.

The Company strategy puts quality and safety at the forefront of our operations while ensuring we remain competitive, flexible, and resilient to respond to changing client needs, market conditions and other stakeholder expectations. This provides the solid foundations on which the company looks to achieve sustainable, responsible growth. The company is focussed on maintaining a reputation for high standards of business conduct ensuring we continue to secure long term success.

Key decisions made in the year include reviewing of the company's operating structure to ensure it fits with the long term needs of our clients and project portfolio. Including creating an internal post with sole focus on health and safety review and improvement; consideration of all stakeholders and the long-term consequences when assessing the decision to pay dividends; assessing employees, site works and environmental considerations when taking decisions on large capital expenditure items.

Engagement with stakeholders

Employees - We engage with employees as their skill and commitment is essential in maintaining the reputation of the company and in delivering the company's plans and objectives. They are our most valuable asset, and their health, safety and wellbeing are a key consideration in how we operate. We engage with them to ensure we continue to provide an environment where all employees have the support, tools and access to training which allows them to develop, succeed and promotes personal well-being.

Employee engagement is through regular director site visits, cross company representation on health and safety committee, clear reporting lines and annual appraisal process, toolbox talks and suggestion boxes, full company training events and communication of key information from regular management meetings.

Bateman Groundworks Limited

Strategic report *(continued)*

Year ended 31 December 2022

Customers - We aim to be the leading groundworks and civil engineering contractor in the region through listening to our clients needs and wants, delivering the highest quality service to agreed timeframes and with the highest standards of health and safety. We look to engage with our customers early on projects to share our knowledge and experience at design and planning stage, identifying cost savings and environmentally beneficial solutions. This helps us generate and maintain mutually successful long-term relationships.

Customer engagement is through dedicated project management on all sites, regular site visits by directors, assigned connections between our team and the customers, holding periodic meetings with key customer contacts, attending industry events, sponsorship and attendance of networking events. Listening and responding to customer feedback is key to our service delivery, business development and longer-term strategy.

Suppliers - Our suppliers and sub-contractors are a key part to the service and quality we deliver. We look to form long standing partnerships with our supply chain that achieves mutual benefits while maintaining the highest levels of integrity, brand and reputation. Wherever possible we look to work with local suppliers and sub-contractors to support the community and economy where we are, reduce environmental impact from delivery or travel requirements and create a consistency of delivery for our customers.

Supplier engagement is through regular dialogue with the procurement department and project teams, attending trade, industry, and networking events, and holding periodic supplier meetings where required.

Community and Environment - Corporate Social Responsibility is important to the company, and we are keen to make a positive impact with the local communities and wider region in which we operate. We aim to be environmentally responsible and look to reduce our impact on the environment wherever possible. We employ train and develop people from the communities where we work including apprenticeship schemes and working with local schools and colleges to put on career fairs and inspire the next generation in the construction industry. Employing local people means they are passionate about their communities, local causes and charities. The company supports a number of local charities and community sports teams through sponsorship and donations and provides a level of matched charitable fund raising where staff have selected a charity to support.

We invest in the latest plant and equipment lessening our impact on the environment and always look for opportunities to move to greener technology where it is in all stakeholders' benefit to do so.

This report was approved by the board of directors on 10/05/2023 and signed on behalf of the board by:



Mr R A Bateman
Company Secretary

Registered office:
4 Octagon Business Park
Hospital Road
Little Plumstead
Norwich
Norfolk
NR13 5FH

Bateman Groundworks Limited

Directors' report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

The directors who served the company during the year were as follows:

Mr R A Bateman

Mr J M Ramsey

Mr L Nicholas

Mrs B A Bateman

Mr D A Lefevre

Mr D W Marsh

(Retired 30 September 2022)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

SECR compliance report

Operational boundaries

This report will cover the operations of the company including all site and office activities that fall under its control. The reporting period is from the 1st January 2022 to the 31st December 2022.

Scope determination and reporting framework

In accordance with the SECR regulations this report covers the company's direct emissions (Scope 1) from combustion of natural gas and fuel used in company vehicles, plant and machinery; indirect emissions (Scope 2) from electricity purchased and used for operations; and other indirect emissions (Scope 3) from energy use and related emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel.

The company reports its greenhouse gas emissions in accordance with UK regulations and the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting standard and emission factors from UK Government GHG Conversion Factors for Company Reporting 2022.

Energy efficiency action

The company's major source of emissions come from Scope 1 activities. While these are difficult to reduce we are committed to maintaining modern plant and machinery that limit emissions and will investigate opportunities for adopting latest clean technology where appropriate and efficient to do so.

Bateman Groundworks Limited

Directors' report *(continued)*

Year ended 31 December 2022

Emissions and energy consumption

The table below include total energy consumption and total greenhouse gas emissions, along with a relevant intensity ratio, as required by the regulations.

	Energy (KWh)	Emissions (t CO2)
Scope 1 Total	10,722,488	2,583
Company vehicles	1,878,020	450
Onsite fuel use	8,844,468	2,133
Scope 2 Total	83,745	16
Purchase of electricity	83,745	16
Scope 3 Total	80,914	20
Purchase of electricity	80,914	20
Total emissions per £million of gross revenue		5,238

Financial instruments

The company's principal financial instruments comprise the business bank account, trade creditors and debtors, bank loans and hire purchase funding. These financial instruments provide the necessary funding for the company's operations and grant the company access to raise funds when required.

Disclosure of information in the strategic report

The company has taken advantage of the exemptions available in section 414C(11) of the Companies Act 2006 with regards to the disclosure of certain information in the directors report. Such information is now included in the Strategic Report starting on page 2 which contains appropriate detailed information of the review of the business during the year and the principal risks and uncertainties affecting the company and its business, as well as a statement on business relationships..

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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


The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Bateman Groundworks Limited

Directors' report *(continued)*

Year ended 31 December 2022

This report was approved by the board of directors on 10/05/2023 and signed on behalf of the board by:



Mr R A Bateman
Company Secretary

Registered office:
4 Octagon Business Park
Hospital Road
Little Plumstead
Norwich
Norfolk
NR13 5FH

Bateman Groundworks Limited

Directors' responsibilities statement

Year ended 31 December 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 judgments 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.

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of Bateman Groundworks Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited *(continued)*

Year ended 31 December 2022

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited (continued)

Year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Obtaining an understanding of the company's systems and controls and performing walkthrough tests to confirm the operation of these;
- Enquiry of management and those charged with governance;
- Review of minutes of meetings of those charged with governance;
- Review of accounting records to identify any indication of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Bateman Groundworks Limited

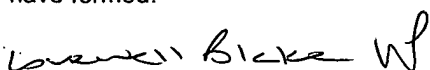
Independent auditor's report to the member of Bateman Groundworks Limited (continued)

Year ended 31 December 2022

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

Use of our report

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Orford FCA CF (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

10/05/2023

Bateman Groundworks Limited

Statement of comprehensive income

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	48,472,024	40,348,488
Cost of sales		(40,505,852)	(33,590,930)
Gross profit		<u>7,966,172</u>	<u>6,757,558</u>
Administrative expenses		(4,100,856)	(2,959,937)
Other operating income	5	46,712	61,566
Operating profit	6	<u>3,912,028</u>	<u>3,859,187</u>
Other interest receivable and similar income	10	2,220	1,887
Interest payable and similar expenses	11	(168,571)	(62,086)
Profit before taxation		<u>3,745,677</u>	<u>3,798,988</u>
Tax on profit	12	(778,596)	(896,597)
Profit for the financial year		<u>2,967,081</u>	<u>2,902,391</u>
Tax relating to components of other comprehensive income		–	(11,793)
Total comprehensive income for the year		<u>2,967,081</u>	<u>2,890,598</u>

All the activities of the company are from continuing operations.

The notes on pages 16 to 27 form part of these financial statements.

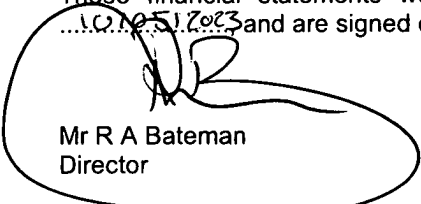
Bateman Groundworks Limited

Statement of financial position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	7,348,237	5,984,846
Current assets			
Stocks	15	921,580	1,238,555
Debtors	16	10,619,337	7,929,472
Cash at bank and in hand		5,525,149	5,522,855
		17,066,066	14,690,882
Creditors: Amounts falling due within one year	17	(10,133,184)	(9,400,697)
Net current assets		6,932,882	5,290,185
Total assets less current liabilities		14,281,119	11,275,031
Creditors: Amounts falling due after more than one year	18	(2,542,484)	(2,964,557)
Provisions			
Taxation including deferred tax	20	(1,289,220)	(1,056,640)
Other provisions	20	(228,500)	-
		(1,517,720)	(1,056,640)
Net assets		10,220,915	7,253,834
Capital and reserves			
Called up share capital	24	100	100
Share premium account	25	1,782	1,782
Revaluation reserve	25	185,546	185,546
Capital redemption reserve	25	100	100
Profit and loss account	25	10,033,387	7,066,306
Shareholder funds		10,220,915	7,253,834

These financial statements were approved by the board of directors and authorised for issue on 10.05.2023 and are signed on behalf of the board by:


Mr R A Bateman
Director

Company registration number: 03431388

The notes on pages 16 to 27 form part of these financial statements.

Bateman Groundworks Limited

Statement of cash flows

Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,967,081	2,902,391
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,301,164	1,049,748
Other interest receivable and similar income	(2,220)	(1,887)
Interest payable and similar expenses	168,571	62,086
Gains on disposal of tangible assets	(67,210)	(153,116)
Tax on profit	778,596	896,597
<i>Changes in:</i>		
Stocks	316,975	(873,455)
Trade and other debtors	(2,689,865)	(543,596)
Trade and other creditors	304,451	2,674,700
Provisions and employee benefits	228,500	–
Cash generated from operations	3,306,043	6,013,468
Interest paid	(168,571)	(62,086)
Interest received	2,220	1,887
Tax paid	(571,337)	(174,484)
Net cash from operating activities	<u>2,568,355</u>	<u>5,778,785</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,265,063)	(895,255)
Proceeds from sale of tangible assets	322,769	741,912
Net cash used in investing activities	<u>(942,294)</u>	<u>(153,343)</u>
Cash flows from financing activities		
Proceeds from borrowings	320,000	–
Repayments of borrowings	(427,962)	(175,172)
Payments of finance lease liabilities	(1,515,805)	(1,186,306)
Dividends paid	–	(3,000,000)
Net cash used in financing activities	<u>(1,623,767)</u>	<u>(4,361,478)</u>
Net increase in cash and cash equivalents	2,294	1,263,964
Cash and cash equivalents at beginning of year	5,522,855	4,258,891
Cash and cash equivalents at end of year	<u>5,525,149</u>	<u>5,522,855</u>

The notes on pages 16 to 27 form part of these financial statements.

Bateman Groundworks Limited

Notes to the financial statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4 Octagon Business Park, Hospital Road, Little Plumstead, Norwich, Norfolk, NR13 5FH.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain fixed assets.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- i) Revenue recognition and the profit measurement on construction contracts.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- i) Valuation of freehold and investment property. Property values are reviewed annually by the directors using analysis of sales and lettings of similar properties.
- ii) Anticipated costs of remedial works. Provisions are estimated based on management's judgement of the likely costs of remedial work taking into consideration historical data and knowledge of any specific ongoing issues.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Revenue recognition

Turnover represents the total amount receivable from groundworks and other light civil engineering services provided during the year, recognised at the point at which the company has earned the right to the consideration by fulfilling its obligation with respect to the work.

Retentions which have not been invoiced to customers, have been recognised as turnover. The company also provides for the anticipated costs for remedial work associated with that expected turnover.

Turnover, which excludes value added tax, comprises the value of work completed during the year on construction contracts based on monthly surveyor valuations. Contract revenue and contract costs are recognised by reference to the stage of completed works under the contract. Attributable profit is recognised as the difference between recorded turnover and related costs during the year at the reporting date. Where it is probable that total contract costs will exceed total contract revenue, expected contract losses are recognised as an expense on an onerous contract.

Income tax

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant, machinery, fixtures and equipment	-	17.5% - 20% reducing balance and 25% straight line
Motor vehicles	-	20% straight line

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined contribution pension plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Construction contracts	<u>48,472,024</u>	<u>40,348,488</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Commission receivable	6,512	–
Government grant income	–	16,176
Rent received and other recharges	<u>40,200</u>	<u>45,390</u>
	<u>46,712</u>	<u>61,566</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	1,301,164	1,049,748
Gains on disposal of tangible assets	(67,210)	(153,116)
Impairment of trade debtors	300,957	17,282
Operating lease costs	<u>78,938</u>	<u>147,207</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>17,150</u>	<u>14,900</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	800	700
Other non-audit services	<u>1,350</u>	<u>1,200</u>
	<u>2,150</u>	<u>1,900</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Production staff	140	124
Administrative staff	<u>22</u>	<u>23</u>
	<u>162</u>	<u>147</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

8. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	7,700,823	6,539,821
Social security costs	1,039,179	796,221
Other pension costs	498,909	442,129
	<u>9,238,911</u>	<u>7,778,171</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	1,290,730	1,185,771
Company contributions to defined contribution pension plans	19,848	41,238
	<u>1,310,578</u>	<u>1,227,009</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	<u>2</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	427,681	372,115
Company contributions to defined contribution pension plans	–	7,500
	<u>427,681</u>	<u>379,615</u>

10. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	2,193	1,389
Corporation tax interest receivable	27	498
	<u>2,220</u>	<u>1,887</u>

11. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	65,765	26,083
Interest on obligations under finance leases and hire purchase contracts	76,360	30,602
Corporation tax interest payable	–	887
Other interest payable and similar charges	26,446	4,514
	<u>168,571</u>	<u>62,086</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

12. Tax on profit

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax expense	530,242	310,563
Adjustments in respect of prior periods	15,774	(1,235)
Total current tax	<u>546,016</u>	<u>309,328</u>
Deferred tax:		
Origination and reversal of timing differences	232,580	587,269
Tax on profit	<u>778,596</u>	<u>896,597</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £Nil (2021: £11,793).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:-

	2022 £	2021 £
Profit on ordinary activities before taxation	3,745,677	3,798,988
Profit on ordinary activities by rate of tax	711,679	721,808
Adjustment to tax charge in respect of prior periods	(5,190)	(1,235)
Effect of expenses not deductible for tax purposes	118,649	64,280
Effect of capital allowances and depreciation	(46,760)	(20,989)
Other tax adjusting items	218	28
Increase in deferred tax due to change in tax rate	–	132,705
Tax on profit	<u>778,596</u>	<u>896,597</u>

13. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	–	<u>3,000,000</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

14. Tangible assets

	Freehold property £	Freehold investment property £	Plant, machinery, fixtures and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2022	680,000	809,412	5,827,873	1,415,478	8,732,763
Additions	485,387	–	1,808,910	625,817	2,920,114
Disposals	–	–	(624,017)	(151,058)	(775,075)
At 31 December 2022	1,165,387	809,412	7,012,766	1,890,237	10,877,802
Depreciation					
At 1 January 2022	–	–	2,072,421	675,496	2,747,917
Charge for the year	–	–	964,710	336,454	1,301,164
Disposals	–	–	(422,126)	(97,390)	(519,516)
At 31 December 2022	–	–	2,615,005	914,560	3,529,565
Carrying amount					
At 31 December 2022	1,165,387	809,412	4,397,761	975,677	7,348,237
At 31 December 2021	680,000	809,412	3,755,452	739,982	5,984,846

Included within freehold property is land with a value of £80,550 which is not depreciated.

The freehold property, including the investment property element, was valued on 31 December 2022 by the directors on an open market basis.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 December 2022	
Aggregate cost	920,500
Aggregate depreciation	(44,420)
Carrying value	876,080
At 31 December 2021	
Aggregate cost	460,500
Aggregate depreciation	(30,368)
Carrying value	430,132

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

14. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant, machinery, fixtures and equipment £	Motor vehicles £	Total £
At 31 December 2022	3,460,546	715,751	4,176,297
At 31 December 2021	2,769,863	552,796	3,322,659

15. Stocks

	2022 £	2021 £
Raw materials and consumables	921,580	1,238,555

16. Debtors

	2022 £	2021 £
Trade debtors	6,745,398	5,826,979
Amounts owed by group undertakings	3,546,535	1,676,514
Prepayments and accrued income	113,094	146,094
Directors loan account	–	33,457
Other debtors	214,310	246,428
	<u>10,619,337</u>	<u>7,929,472</u>

The debtors above include the following amounts falling due after more than one year:

	2022 £	2021 £
Trade debtors	2,065,618	1,739,630

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	483,442	417,295
Trade creditors	4,668,637	5,346,179
Accruals and deferred income	2,368,476	1,176,470
Corporation tax	285,242	310,563
Social security and other taxes	266,565	273,800
Obligations under finance leases and hire purchase contracts	1,602,438	1,215,228
Other creditors	458,384	661,162
	<u>10,133,184</u>	<u>9,400,697</u>

Liabilities under bank loans are secured on the company's freehold property. Liabilities under hire purchase agreements are secured on the assets to which they relate.

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans and overdrafts	1,380,708	1,554,817
Obligations under finance leases and hire purchase contracts	1,161,776	1,409,740
	<u>2,542,484</u>	<u>2,964,557</u>

Liabilities under bank loans are secured on the company's freehold property. Liabilities under hire purchase agreements are secured on the assets to which they relate.

Terms and debt repayment schedule

Bank loans detailed below are repaid by monthly repayments.

			31 December 2022 £	31 December 2021 £
	Interest rate	Year of maturity		
Bank loan	3.74%	2026	234,817	292,112
Coronavirus Business Interruption Loan	Base Rate +2.34%	2026	1,320,000	1,680,000
Bank loan	Base Rate +2.19%	2027	309,333	-
			<u>1,864,150</u>	<u>1,972,112</u>

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022 £	2021 £
Not later than 1 year	1,657,090	1,258,605
Later than 1 year and not later than 5 years	1,203,172	1,433,228
	<u>2,860,262</u>	<u>2,691,833</u>
Less: future finance charges	(96,048)	(66,865)
Present value of minimum lease payments	<u>2,764,214</u>	<u>2,624,968</u>

20. Provisions

	Remedial costs £	Deferred tax (note 21) £	Total £
At 1 January 2022	-	1,056,640	1,056,640
Additions	228,500	232,580	461,080
At 31 December 2022	<u>228,500</u>	<u>1,289,220</u>	<u>1,517,720</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in provisions (note 20)	<u>1,289,220</u>	<u>1,056,640</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£	£
Accelerated capital allowances	1,224,133	990,700
Other timing differences	(15,105)	(14,252)
Revaluation of freehold property	<u>80,192</u>	<u>80,192</u>
	<u>1,289,220</u>	<u>1,056,640</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £498,909 (2021: £442,129).

23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>-</u>	<u>16,176</u>

24. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

25. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. There has been no movement on this account during the financial year.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses. Within this reserve are unrealised gains on the company's investment property of £143,000 together with a provision for tax of £31,054 that would arise should the property be disposed of at its carrying value.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2022

26. Analysis of changes in net debt

	At 1 January 2022	Cash flows	New finance leases	At 31 December 2022
	£	£	£	£
Cash at bank and in hand	5,522,855	2,294		5,525,149
Debt due within one year	(1,632,523)	75,641	(528,998)	(2,085,880)
Debt due after one year	(2,964,557)	1,548,126	(1,126,053)	(2,542,484)
	<u>925,775</u>	<u>1,626,061</u>	<u>(1,655,051)</u>	<u>896,785</u>

27. Operating leases

As lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	47,106	86,314
Later than 1 year and not later than 5 years	58,581	52,697
	<u>105,687</u>	<u>139,011</u>

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	40,200	40,200
Later than 1 year and not later than 5 years	150,750	160,800
Later than 5 years	–	30,150
	<u>190,950</u>	<u>231,150</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2022

28. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2022				
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Amounts waived	Balance outstanding
	£	£	£	£	£
Mr R A Bateman	15,206	226,517	(159,021)	(82,702)	–
Mr J M Ramsey	10,751	97,703	(10,751)	(97,703)	–
Mr L Nicholas	7,500	46,650	(7,500)	(46,650)	–
	<u>33,457</u>	<u>370,870</u>	<u>(177,272)</u>	<u>(227,055)</u>	<u>–</u>
	2021				
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Amounts waived	Balance outstanding
	£	£	£	£	£
Mr R A Bateman	23,516	52,656	(60,966)	–	15,206
Mr J M Ramsey	–	10,751	–	–	10,751
Mr L Nicholas	–	7,500	–	–	7,500
	<u>23,516</u>	<u>70,907</u>	<u>(60,966)</u>	<u>–</u>	<u>33,457</u>

29. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 from disclosing transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Key management personnel are considered to be the directors and their remuneration is disclosed in note 9.

30. Controlling party

The parent company and controlling party is Bateman Groundworks (Holdings) Limited. The registered office of Bateman Groundworks (Holdings) Limited is 4 Octagon Business Park, Hospital Road, Little Plumstead, Norwich, Norfolk, NR13 5FH. The group consolidated accounts are available from the Registrar of Companies.