Company registration number 06217640 (England and Wales)

HORBURY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

HORBURY GROUP LIMITED

COMPANY INFORMATION

Directors	T Wragg	
	M Rigby	
	M Saunders	
	M Brown	(Appointed 11 June 2021)
Secretary	M Saunders	
Company number	06217640	
Registered office	South Grove House South Grove Rotherham South Yorkshire S60 2AF	
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD	

HORBURY GROUP LIMITED

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HORBURY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2022

The Directors present their report and the audited financial statements of the Group for the year ended 31 May 2022.

Group Business Activities
Horbury Group Limited is a holding company for its subsidiary companies; with the majority of the Group's turnover derived from its three largest trading subsidiaries and their principal activities are as follows:

Titan Interior Solutions Limited – specialist interior fit-out subcontractor, undertaking various trades including suspended ceilings, drylining, carpets and floor finishes and demountable partitions.

Horbury Joinery Limited – specialist joinery contractor.

Horbury Property Service Limited – specialist repairs, maintenance and compliance services contractor.

Performance Review

Given the many external pressures the business has faced during 2021/22, particularly around material prices and availability, the underlying financial performance of the Group has been robust, returning the Group back to profit.
Key achievements from the Group in the year worthy of note are as follows:

- **Group Restructure** – following the decision in early 2021 to merge our two drywall businesses (Horbury Building Systems Ltd and Titan Interior Solutions Ltd) into one consolidated drywall business, trading as Titan Interior Solutions, an orderly wind down of Horbury Building Systems Ltd has been achieved. The merger has been a great success for the group, generating efficiency savings and standardised best practices, ultimately providing a clear and coherent drywall offer to our customers.

- **Material Availability and Price Increase** – The material markets have been hit hard in this financial year, with the lack of availability off the back of Covid and global events driving up material prices. The Group have leveraged strong supplier and customer relationships to significantly mitigate these pressures. Which has assisted in generating improved profit margins in the year.

- **Operational Efficiency** – The Group recognises that it must constantly drive for improvements, with that in mind the Operational Efficiency Strategy was launched during the year. With a laser focus on driving efficiency in three key areas of the business. There has been a significant amount of time invested in the year to improve systems and collect data, which will now allow us to monitor change and drive performance going forward. "The Horbury Way" was launched in July 2022 and is expected to deliver efficiency benefits in the year to May 2023.

- **Overhead Reduction** – Through a continued focus on efficiency and costs the Group have again made sizeable reduction to its cost base, reducing the overhead by £616k (5.6%) against prior year spend.

In line with the Strategic focus on quality of earning, the Group's turnover reduced in the year to £84m from £95m, however this produced a 1% gross profit margin improvement year on year.

In the year the Group incurred £391k of exceptional costs which in the majority related to the restructure of the Group and the closure of Horbury Building Systems Ltd (HBS). The HBS closure is now complete.

The Group has delivered on several key achievements in the year, resulting in a significantly improved operating profit. It is anticipated that the new shaped Group and Operational Efficiency Strategy will deliver significant benefits for the Group in 2022/23.

Future prospects

Going forward the business strategy is to focus on margin improvement rather than growth. Growth will largely be limited to Horbury Property Services Ltd which is our FM and maintenance business focusing on fire compliance works, where there is a very strong market with an extensive pipeline of opportunities.

At the date of this report both the 2022/23 turnover and operating profit are in line with budget and the sales pipeline continues to look healthy and consistent with prior years, with £78m secured for 2022/23 which is 88% of the budget and a healthy order book moving into 2023/24. The Group continues to focus on liquidity and improvements in working capital and can report strong relationships with all funders.

Reflecting on all the above, the board of directors are satisfied with the 2022 performance, the newly restructured Group has a strong position in its markets, a sound and diverse customer base, and sound funding.

Principal risks and uncertainties

The Group seeks to manage future revenue streams by focusing on market leading products and services and maintaining strong relationships with its key customers.

The Group's principal credit risk arises from extending credit to its customers and is managed by credit referencing and robust procedures for the collection of monies due to the subsidiary companies. The Group companies monitor cash flow on a daily basis and cash flow projections are considered on a monthly basis.

The Group is not exposed in any material way to the few main contractors that are currently of concern to the sector and the directors continue to target a broadening of the customer base.

Other performance indicators

The company has continued to use enhanced KPI's, both financial and operational, to manage the business and to effectively deliver the long-term strategic goals. The following is a brief outline of the KPIs being used within the company:

- Tender margin versus final account margin on a contract by contract basis
- Project status against original programme timetable
- Overdue final account debts
- Retention collection
- Average frequency rate for health and safety data
- Enquiry levels
- Work in hand
- Tender conversion monitoring – by sector and client
- Cash received vs value taken
- Materials wastage vs budget allowance

S172 Statement

Engaging with stakeholders

The success of our business is dependent on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards shared goals assists us in delivering long-term sustainable success.

Shareholders

We have an open dialogue with our shareholders through monthly Board meeting and monthly management meeting, shareholder play a key role in our decision-making process, financial performance, and strategic outlook.

Employees

Business unit managers attend monthly management meeting where we have an open dialogue to discuss the business financial performance, supplier and customer relationships and operational performance, we also review the monthly HS&E reporting for each business which is collated from monthly site audits. We also run quarterly site management forums, which allows a opportunity for our site based employees to have an open dialogue with business management and play an active role in decision making. More generally we have an open relationship with our employees with open discussion welcomed and also have a number of trained Metal Health First Aiders positioned around the business to support employees if required.

Customers

Our ambition is to deliver best-in-class product and services to our customers. We continue to build strong and lasting relationships with our key customers and invest considerable time with them to understand their needs and listen to how we can improve our service. We attend regular site meeting with our customers to discuss on-going project matters and agree on key project related decisions.

Suppliers

We continue to build strong working relationships with our suppliers to develop long lasting partnerships. We run a central procurement team and one of their key performance targets is to continue to develop and support supplier relationships, this is done through periodic reviews with key accounts and more informally with open dialogue on a day-to-day basis. The Board recognises that relationship with suppliers is important to the Group's long-term success and are briefed in the monthly management meeting by the Procurement Director on supplier relationships and any open issues.

Communities

We engage with the local communities on several fronts and aim to give something back to the local communities we work in. We partner with a local charity each year to help raise awareness and funds and organise a number of fund-raising events throughout the year which are keenly supported by employees. The also run The Horbury Academy which is an apprenticeship scheme committed to developing local talent into skilled tradespeople, professionals and managers and have formed a strategic partnership with Sheffield College.

On behalf of the board

T Wragg

Director

21 November 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2022

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

Principal activities
Horbury Group Limited is a holding company for its subsidiary companies; with the majority of the group's turnover derived from its four largest trading subsidiaries and their principal activities are as follows:

Horbury Building Systems Limited – specialist interior fit-out subcontractor, undertaking various trades including plastering, drylining, suspended ceilings, cladding, facades and fire protection. Post year end, the company ceased trading and the trade and assets (excluding cash) were transferred to other group entities.

Titan Interior Solutions Limited – specialist interior fit-out subcontractor, undertaking various trades including suspended ceilings, drylining, carpets and floor finishes and demountable partitions.

Horbury Joinery Limited – specialist joinery contractor.

Horbury Property Service Limited – specialist repairs, maintenance and compliance services contractor.

The group also includes a property holding company (South Grove House Limited).

Results and dividends
The results for the year are set out on page 10.

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

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

T Wragg	
D Williams	(Resigned 11 June 2021)
M Rigby	
M Saunders	
M Brown	(Appointed 11 June 2021)

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor
The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As no single entity within the group is classified as large, it is not required to report on its emissions, energy consumption or energy efficiency activities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

T Wragg
Director

21 November 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 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 group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORBURY GROUP LIMITED

Opinion

We have audited the financial statements of Horbury Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 group's and the parent company's affairs as at 31 May 2022 and of the group's 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 group and parent 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 group's and parent 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.

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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focused on laws and regulations relevant to the company which could give rise to a material misstatement in the financial statements. As part of the construction industry, the company is subject to the additional laws and regulations including The Building Regulations 2010, Construction (Design and Management) Regulations 2015, Management of Health and Safety at Work Regulations 1999, and Work at Height Regulations 2005. Our testing included discussions with management, directors and those staff with direct responsibility for the compliance of laws and regulations, agreeing financial statement disclosures to underlying supporting documentation, and reviewing legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Winwood (Senior Statutory Auditor)
For and on behalf of BHP LLP

21 November 2022

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

HORBURY GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Turnover	3	83,927,611	95,343,974
Cost of sales		(72,832,326)	(83,669,160)
Gross profit		11,095,285	11,674,814
Administrative expenses		(10,314,082)	(10,930,633)
Other operating income		237,683	854,714
Operating profit before exceptional items		1,018,886	1,598,895
Exceptional costs	4	(390,901)	(3,536,344)
Operating profit/(loss)	5	627,985	(1,937,449)
Interest payable and similar expenses	9	(689,218)	(888,209)
Loss before taxation		(61,233)	(2,825,658)
Tax on loss	10	170,000	209,474
Profit/(loss) for the financial year		108,767	(2,616,184)
Other comprehensive income			
Revaluation of tangible fixed assets		80,500	-
Total comprehensive income for the year		189,267	(2,616,184)
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		(83,354)	(2,606,653)
- Non-controlling interests		192,121	(9,531)
		108,767	(2,616,184)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		(3,590)	(2,606,653)
- Non-controlling interests		192,857	(9,531)
		189,267	(2,616,184)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HORBURY GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Goodwill	**12**		1,363,363		1,514,848
Tangible assets	**13**		3,641,441		3,701,018
Investment properties	**14**		720,000		720,000
			5,724,804		5,935,866
Current assets					
Debtors	**17**	21,048,138		21,577,369	
Creditors: amounts falling due within one year	**18**	(20,433,334)		(21,166,193)	
Net current assets			614,804		411,176
Total assets less current liabilities			6,339,608		6,347,042
Creditors: amounts falling due after more than one year	**19**		(4,603,958)		(4,422,559)
Provisions for liabilities					
Provisions	**22**	11,828		411,828	
Deferred tax liability	**23**	58,300		36,400	
			(70,128)		(448,228)
Net assets			1,665,522		1,476,255
Capital and reserves					
Called up share capital	**25**		19,206		19,206
Share premium account			4,313,477		4,313,477
Revaluation reserve			(11,000)		(91,500)
Profit and loss reserves			(2,271,436)		(2,187,346)
Equity attributable to owners of the parent company			2,050,247		2,053,837
Non-controlling interests			(384,725)		(577,582)
			1,665,522		1,476,255

The financial statements were approved by the board of directors and authorised for issue on 21 November 2022 and are signed on its behalf by:

T Wragg
Director

HORBURY GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	**15**		3,951,763		3,951,763
Current assets					
Debtors falling due after more than one year	**17**	-		5,001,440	
Debtors falling due within one year	**17**	9,108,152		2,319,122	
Cash at bank and in hand		1		1	
		9,108,153		7,320,563	
Creditors: amounts falling due within one year	**18**	(6,586,316)		(4,881,766)	
Net current assets			2,521,837		2,438,797
Total assets less current liabilities			6,473,600		6,390,560
Creditors: amounts falling due after more than one year	**19**		(4,101,682)		(3,706,284)
Provisions for liabilities					
Provisions	**22**	2,254,661		500,000	
			(2,254,661)		(500,000)
Net assets			117,257		2,184,276
Capital and reserves					
Called up share capital	**25**		19,206		19,206
Share premium account			4,313,477		4,313,477
Profit and loss reserves			(4,215,426)		(2,148,407)
Total equity			117,257		2,184,276

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,067,020 (2021 - £787,801 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 November 2022 and are signed on its behalf by:

T Wragg
Director

Company Registration No. 06217640

HORBURY GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£	£	£
Balance at 1 June 2020	19,206	4,313,477	(91,500)	419,307	4,660,490	(568,051)	4,092,439
Year ended 31 May 2021:							
Loss and total comprehensive income for the year	-	-	-	(2,606,653)	(2,606,653)	(9,531)	(2,616,184)
Balance at 31 May 2021	19,206	4,313,477	(91,500)	(2,187,346)	2,053,837	(577,582)	1,476,255
Year ended 31 May 2022:							
Profit for the year	-	-	-	(83,354)	(83,354)	192,121	108,767
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	80,500	-	80,500	-	80,500
Amounts attributable to non-controlling interests	-	-	-	(736)	(736)	736	-
Total comprehensive income for the year	-	-	80,500	(84,090)	(3,590)	192,857	189,267
Balance at 31 May 2022	19,206	4,313,477	(11,000)	(2,271,436)	2,050,247	(384,725)	1,665,522

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 June 2020	19,206	4,313,477	(1,360,606)	2,972,077
Year ended 31 May 2021:				
Loss and total comprehensive income for the year	-	-	(787,801)	(787,801)
Balance at 31 May 2021	19,206	4,313,477	(2,148,407)	2,184,276
Year ended 31 May 2022:				
Loss and total comprehensive income for the year	-	-	(2,067,019)	(2,067,019)
Balance at 31 May 2022	19,206	4,313,477	(4,215,426)	117,257

HORBURY GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from operations	32		920,350		755,069
Interest paid			(689,218)		(888,209)
Income taxes refunded/(paid)			104,867		(284,900)
Net cash inflow/(outflow) from operating activities			335,999		(418,040)
Investing activities					
Purchase of tangible fixed assets		(110,148)		(136,260)	
Proceeds on disposal of tangible fixed assets		7,250		112,343	
Net cash used in investing activities			(102,898)		(23,917)
Financing activities					
Repayment of borrowings		(500,000)		(286,000)	
Repayment of bank loans		(179,388)		(302,925)	
Payment of finance leases obligations		(33,235)		(34,806)	
Net cash used in financing activities			(712,623)		(623,731)
Net decrease in cash and cash equivalents			(479,522)		(1,065,688)
Cash and cash equivalents at beginning of year			(260,338)		805,350
Cash and cash equivalents at end of year			(739,860)		(260,338)
Relating to:					
Bank overdrafts included in creditors payable within one year			(739,860)		(260,338)

1 Accounting policies

Company information

Horbury Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales . The registered office is South Grove House, South Grove, Rotherham, South Yorkshire, S60 2AF.

The group consists of Horbury Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

The 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 for parent company information presented within the consolidated financial statements:

- 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,067,020 (2021 - £787,801 loss).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

The consolidated group financial statements consist of the financial statements of the parent company Horbury Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The directors have performed an assessment of going concern at a Group level, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2022 and 2023, including the ability to adhere to banking covenants over the going concern window. In doing so the Directors have consulted with key stakeholders including financers and also considered current trading trends in our markets and extensive actions already undertaken to protect profitability and liquidity.
Having considered the above factors, the directors are of the opinion that sufficient resources are in place to enable the business to continue to operate as a going concern for a period of 12 months following the date of this report.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

In case of long term contracts, turnover reflects the contract activity during the year and is determined by reference to the proportion of total contract value which costs incurred to date bear to total expected contract costs.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years. Negative goodwill is amortised over 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 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.

1 Accounting policies **(Continued)**

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:

Land and buildings Freehold	2% Straight Line
Land and buildings Leasehold	Over the term of lease
Fixtures, fittings & equipment	20% - 25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

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

Where fair value cannot be achieved without undue cost and effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

1.10 Construction contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project and is calculated as a percentage of total expected contract costs.

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

Trade debtors represent contract valuations and retentions certified up to one month after the year end. Amounts recoverable on contracts represent the balance of uncertified valuations.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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 group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Accruals include an amount of prebate in relation to a clawback agreement from the sale of trade an assets of a subsidiary. This is released over 5 years in line with the length of the clawback agreement.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments
Equity instruments issued by the group 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 group.

1.14 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 group'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.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1 Accounting policies **(Continued)**

1.16 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.

1.17 Retirement benefits

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

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.19 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Grants received in relation to the government's Coronavirus Job Retention Scheme have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Turnover from long term contracts
Turnover is generated from long term contracts. The group recognises contract revenue and contract costs associated with each contract using the percentage of completion method.

The recognition of revenue and profit therefore rely on estimates in relation to the stage of completion and the forecast total costs of each contract.

Margin is presented in the monthly management accounts for each contract as it is earned on the specific tasks undertaken in the period. A margin is used based on the job budget form completed at the outset, with variations requiring individual approval. Each project's outturn is reforecast on a monthly basis, so any changes to expected final outturn are reflected in the accounts promptly. The profit to be recognised monthly is calculated on a cumulative basis so that the overall expected outturn is reflected in the cumulative position each month.

The method applies ensures that profit is recognised equally across the life of the project. The calculation of expected outturn is based on the following factors:

- Variations to overall contract value (expected turnover) which have been agreed with the client
- Costs incurred to date allocated to the project. These allocated costs are reviewed monthly by site managers and matched to site material lists and expected spend
- Budgeted overall costs as calculated at the beginning of the project during the tender process which are used to calculate the expected costs to complete

The degree of estimation uncertainty centres around the expected costs to complete the contract which, combined with the contract turnover, are used to calculate the expected margin outturn on each project.

When contract losses are anticipated these are recognised in full at the time of identification in so far as they can be measured reliably.

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Construction contract revenue	83,927,611	95,343,974

3 Turnover and other revenue **(Continued)**

	2022	2021
	£	£
Other revenue		
Grants received	90,127	664,744
Rental income arising from investment properties	98,675	99,953
Management charges receivable from related parties	6,000	6,000

Turnover relates wholly to operations in the United Kingdom and arises from the classes of business described in the Directors' Report.

4 Exceptional costs

	2022	2021
	£	£
Covid-19 related costs	-	2,681,879
Restructure costs	-	729,308
Redundancy costs	34,559	125,157
Exceptional contracting costs	356,342	-
	390,901	3,536,344

5 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(90,127)	(664,744)
Depreciation of owned tangible fixed assets	246,880	209,150
Depreciation of tangible fixed assets held under finance leases	-	33,350
(Profit)/loss on disposal of tangible fixed assets	(3,905)	83,108
Amortisation of intangible assets	151,485	161,535
Impairment of intangible assets	-	100,500
Operating lease charges	945,552	1,150,031

6 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	4,200	4,200
Audit of the financial statements of the company's subsidiaries	68,050	55,300
	72,250	59,500
For other services		
Taxation compliance services	12,750	11,000

7 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Construction	138	132	-	-
Administration	173	198	-	-
Directors	4	4	-	-
Total	315	334	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	9,509,151	10,485,319	-	-
Social security costs	1,015,513	1,054,581	-	-
Pension costs	355,370	396,336	-	-
	10,880,034	11,936,236	-	-

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	398,707	395,870
Company pension contributions to defined contribution schemes	20,800	19,931
	419,507	415,801

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

	2022 £	2021 £
Remuneration for qualifying services	243,597	247,088
Company pension contributions to defined contribution schemes	7,800	7,800

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	176,870	182,874
Other interest on financial liabilities	461,227	626,473
	638,097	809,347
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,612	4,988
Other interest	47,509	73,874
Total finance costs	689,218	888,209

Of the other interest on financial liabilities £98,600 (2021: £245,515) is in respect of accrued redemption premium which is repayable in 2023.

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	22,825	16,643
Adjustments in respect of prior periods	(16,643)	(45,448)
Total current tax	6,182	(28,805)
Deferred tax		
Origination and reversal of timing differences	(176,182)	(180,669)
Total tax credit	(170,000)	(209,474)

10 Taxation **(Continued)**

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

	2022	2021
	£	£
Loss before taxation	(61,233)	(2,825,658)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(11,634)	(536,875)
Tax effect of expenses that are not deductible in determining taxable profit	51,346	115,590
Tax effect of income not taxable in determining taxable profit	(1,995)	-
Adjustments in respect of prior years	(16,643)	(43,292)
Amortisation on assets not qualifying for tax allowances	28,782	30,692
Other permanent differences	-	1,017
Under/(over) provided in prior years	-	178
Fixed asset differences	12,220	16,360
Losses carried back	-	2,334
Capital gains/(losses)	15,295	1,581
Remeasurement of deferred tax for changes in tax rates	22,481	(128,872)
Movement in deferred tax not recognised	(269,852)	331,813
Taxation credit	(170,000)	(209,474)

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022	2021
		£	£
In respect of:			
Goodwill	12	-	100,500
Recognised in:			
Administrative expenses		-	100,500

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 June 2021 and 31 May 2022	2,992,512
Amortisation and impairment	
At 1 June 2021	1,477,664
Amortisation charged for the year	151,485
At 31 May 2022	1,629,149
Carrying amount	
At 31 May 2022	1,363,363
At 31 May 2021	1,514,848

The company had no intangible fixed assets at 31 May 2022 or 31 May 2021.

13 Tangible fixed assets

Group	Land and buildings Freehold	Land and buildings Leasehold	Assets under construction	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 June 2021	4,496,281	17,137	62,849	861,022	65,052	5,502,341
Additions	-	-	-	110,148	-	110,148
Disposals	-	-	-	(133,365)	(14,964)	(148,329)
Revaluation	80,500	-	-	-	-	80,500
Transfers	-	-	(62,849)	62,849	-	-
At 31 May 2022	4,576,781	17,137	-	900,654	50,088	5,544,660
Depreciation and impairment						
At 1 June 2021	1,192,296	17,137	-	568,623	23,267	1,801,323
Depreciation charged in the year	79,536	-	-	153,905	13,439	246,880
Eliminated in respect of disposals	-	-	-	(133,365)	(11,619)	(144,984)
At 31 May 2022	1,271,832	17,137	-	589,163	25,087	1,903,219
Carrying amount						
At 31 May 2022	3,304,949	-	-	311,491	25,001	3,641,441
At 31 May 2021	3,303,985	-	62,849	292,399	41,785	3,701,018

The company had no tangible fixed assets at 31 May 2022 or 31 May 2021.

14 Investment property

	Group 2022	Company 2022
	£	£
Fair value		
At 1 June 2021 and 31 May 2022	720,000	-

Investment property comprises a commercial property held at fair value. The fair value of the investment property has been arrived at on the basis of a valuation carried out in February 2020 by Eddisons Taylors Chartered Surveyors, who are not connected with the company. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation manual. The directors do not consider there to have been a material change in the fair value of the property since the formal valuation.

The historical cost of Investment property held at fair value is £1,300,081.

15 Fixed asset investments

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Investments in subsidiaries	16	-	-	3,951,763	3,951,763

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 June 2021 and 31 May 2022	3,951,763
Carrying amount	
At 31 May 2022	3,951,763
At 31 May 2021	3,951,763

16 Subsidiaries

Details of the company's subsidiaries at 31 May 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
Environ Safety Mangement Limited	England	Ordinary	100.00	-
Horbury Support Services Limited (formerly know as G.B.W (Tool Hire) Limited)	England	Ordinary	0	100.00
Horbury Building Systems Limited	England	Ordinary	92.99	-
Horbury Facades Limited	England	Ordinary	100.00	-
Horbury Joinery Limited	England	Ordinary	66.04	-
Horbury Management Services Limited	England	Ordinary	100.00	-
Horbury Property Services Limited	England	Ordinary	100.00	-
Horbury Systems Limited	England	Ordinary	100.00	-
Magna Plant and Tool Hire Limited	England	Ordinary	100.00	-
Millstone Building Limited	England	Ordinary	73.67	-
South Grove House Limited	England	Ordinary	0	80.07
TIS Services Limited	England	Ordinary	0	100.00
Titan Interior Solutions Limited	England	Ordinary	83.61	-
Tubular Scaffolding Services Limited	England	Ordinary	85.00	-

17 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	12,601,788	13,597,610	-	-
Gross amounts due from contract customers	5,860,691	5,089,664	-	-
Corporation tax recoverable	2,334	111,707	-	-
Amounts due from fellow group undertakings	1,018,651	1,018,651	9,029,366	2,311,161
Other debtors	740,517	1,277,415	-	2,985
Prepayments and accrued income	415,675	271,922	78,786	4,976
	20,639,656	21,366,969	9,108,152	2,319,122
Deferred tax asset (note 23)	408,482	210,400	-	-
	21,048,138	21,577,369	9,108,152	2,319,122
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	-	5,001,440
Total debtors	21,048,138	21,577,369	9,108,152	7,320,562

17 Debtors **(Continued)**

Included in trade debtors is an amount of £2,738,217 (2021: £2,636,383) which are debts due in over twelve months.

Included in amounts due from fellow group undertakings are balances owed to companies previously in the group but which are now classified as related parties.

Included in other debtors are amounts due from the directors of the subsidiaries totalling £35,448 (2021: £35,448).

Debtors due after one year in relation to related party balances have no set repayment date or interest terms and in the opinion of the directors there would be no benefit in calculating a theoretical carrying value at amortised cost as required by FRS102. Amounts continue therefore to be carried at transaction value.

18 Creditors: amounts falling due within one year

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	20	919,248	439,726	4,488,502	3,110,956
Obligations under finance leases	21	34,611	33,235	-	-
Other borrowings	20	-	500,000	-	500,000
Payments received on account		269,049	610,234	-	-
Trade creditors		12,859,318	12,420,618	7,775	-
Amounts owed to group undertakings		171,237	141,155	1,460,172	838,676
Corporation tax payable		1,676	-	-	-
Other taxation and social security		2,185,830	2,845,658	372,074	-
Other creditors		2,095,022	2,374,749	141,474	121,516
Accruals and deferred income		1,897,343	1,800,818	116,319	310,618
		20,433,334	21,166,193	6,586,316	4,881,766

Included in amounts due to group undertakings are balances owed to companies previously in the group but which are now classified as related parties.

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	20	463,227	642,615	-	-
Obligations under finance leases	21	39,049	73,660	-	-
Other borrowings	20	2,614,000	2,614,000	2,614,000	2,614,000
Accruals and deferred income		1,487,682	1,092,284	1,487,682	1,092,284
		4,603,958	4,422,559	4,101,682	3,706,284

20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	642,615	822,003	-	-
Bank overdrafts	739,860	260,338	4,488,502	3,110,956
Other borrowings	2,614,000	3,114,000	2,614,000	3,114,000
	3,996,475	4,196,341	7,102,502	6,224,956
Payable within one year	919,248	939,726	4,488,502	3,610,956
Payable after one year	3,077,227	3,256,615	2,614,000	2,614,000

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group. Bank overdrafts are repayable on demand.

Other borrowings include loan notes of £2,614,000, which carry a coupon rate of 10% per annum. The loan notes are redeemable in 2023, £1,864,000 of which carry a redemption premium of 50% and £750,000 a redemption premium of 20%.

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	34,611	33,235	-	-
In two to five years	39,049	73,660	-	-
	73,660	106,895	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other provisions		11,828	411,828	2,254,661	500,000
Deferred tax liabilities	23	58,300	36,400	-	-
		70,128	448,228	2,254,661	500,000

22 Provisions for liabilities **(Continued)**

Movements on provisions apart from deferred tax liabilities:

Group	Group VAT provision £
At 1 June 2021	411,828
Reversal of provision	(400,000)
At 31 May 2022	11,828

Company	Potentially irrecoverable intercompany debtor £
Provided for in current year	2,254,661

Group

The additional provisions in the year reflect the directors' best estimate as to a potential VAT liability arising from an ongoing enquiry.

Company

Following the transfer of trade and assets of Horbury Building Systems Limited to other group entities, Horbury Group Limited have recognised a provision against the potentially irrecoverable intercompany debtor remaining from Horbury Building Systems Limited.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

Group	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
ACAs	38,200	42,800	7,800	3,200
Tax losses	-	-	391,482	202,100
Timing differences	-	(6,400)	9,200	5,100
Capital gains	20,100	-	-	-
	58,300	36,400	408,482	210,400

The company has no deferred tax assets or liabilities.

23 Deferred taxation **(Continued)**

	Group 2022	Company 2022
Movements in the year:	£	£
Asset at 1 June 2021	(174,000)	-
Credit to profit or loss	(176,182)	-
Asset at 31 May 2022	(350,182)	-

24 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	355,370	396,336

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	15,364	15,364	15,364	15,364
Ordinary A shares of £1 each	3,842	3,842	3,842	3,842
	19,206	19,206	19,206	19,206

26 Financial commitments, guarantees and contingent liabilities

The Company's bankers hold an unlimited Composite Company Limited Multilateral Guarantee and debenture between the following group companies: Horbury Group Limited, Horbury Joinery Limited, Tubular Scaffolding Services Limited, Titan Interior Solutions Limited, T.I.S. Services Limited, South Grove House Limited, Millstone Building Limited, Magna Plant and Tool Hire Limited, Horbury Support Services Limited (formerly known as G.B.W. (Tool Hire) Limited), Horbury Property Services Limited, Horbury Building Systems Limited, Titan Flooring Limited, Horbury South West Limited and Environ Safety Management Limited.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	356,752	457,036	-	-
Between two and five years	453,459	423,256	-	-
	810,211	880,292	-	-

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	101,024	87,697	-	-
Between two and five years	294,201	319,728	-	-
In over five years	-	46,667	-	-
	395,225	454,092	-	-

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Acquisition of tangible fixed assets	-	42,812	-	-

29 Events after the reporting date

Since the year end, 2 new subsidiaries have been incorporated, Horbury South West Limited and Titan Flooring Limited.

The group has also been reorganised, with Horbury Building Systems ceasing to trade.

30 Related party transactions

During the year the following transactions took place with companies in which the directors have interests:

Horbury Estates Limited

- Management charges receivable £6,000 (2021: £6,000)

The group also paid and received monies on behalf of the above during the year, the balances outstanding at the year end are set out below. Where the associated companies traded with one another on normal commercial terms the balances owed/due have been shown as Trade Debtors/Trade Creditors respectively:

Horbury Estates Limited

- Amounts owed from related party undertakings £1,018,651 (2021: £1,081,651)
- Amounts owed to related party undertakings £171,236 (2021: £141,155)
- Other debtors £34,602 (2021: Nil)

31 Controlling party

The directors regard Mr T Wragg as the ultimate controlling party by virtue of his majority shareholding.

32 Cash generated from group operations

	2022	2021
	£	£
Profit/(loss) for the year after tax	108,767	(2,616,184)
Adjustments for:		
Taxation credited	(170,000)	(209,474)
Finance costs	689,218	888,209
(Gain)/loss on disposal of tangible fixed assets	(3,905)	83,108
Amortisation and impairment of intangible assets	151,485	262,035
Depreciation and impairment of tangible fixed assets	246,880	242,500
(Decrease)/increase in provisions	(400,000)	400,000
Movements in working capital:		
Decrease in stocks	-	36,776
Decrease/(increase) in debtors	617,940	(2,658,528)
(Decrease)/increase in creditors	(320,035)	4,326,627
Cash generated from operations	920,350	755,069

33 Analysis of changes in net debt - group

	1 June 2021	Cash flows	31 May 2022
	£	£	£
Bank overdrafts	(260,338)	(479,522)	(739,860)
Borrowings excluding overdrafts	(3,936,003)	679,388	(3,256,615)
Obligations under finance leases	(106,895)	33,235	(73,660)
	(4,303,236)	233,101	(4,070,135)