

AUCTUS MANAGEMENT GROUP LIMITED

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 30 September 2022

**Contents of the Consolidated Financial Statements
for the Year Ended 30 September 2022**

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AUCTUS MANAGEMENT GROUP LIMITED

Company Information for the Year Ended 30 September 2022

DIRECTORS:

R Toy
S Harrison
J Handley

REGISTERED OFFICE:

Tech Block
Gee Business Centre
Holborn Hill
Aston
Birmingham
B7 5JR

REGISTERED NUMBER:

07994296 (England and Wales)

AUDITORS:

Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

**Group Strategic Report
for the Year Ended 30 September 2022**

The directors present their strategic report of the company and the group for the year ended 30 September 2022.

REVIEW OF BUSINESS

We aim to present a brief but comprehensive review of our group. Our review is consistent with the size and nature of our group.

The group's strategic aim over the past year has been to further establish and develop each of our operational divisions, strengthening the diversification of the solutions and services that we offer and expand the range of training and support provided to the wider infrastructure sector. We are focussed on the development of long-term partnerships via our core beliefs of respect, professionalism, inclusivity and pushing the boundaries.

In addition, during this financial year we enhanced our service offering with the creation of INFRA Health, a division providing a suite of occupational health solutions to our existing customer base and beyond.

Overall, turnover for this financial year grew by 16% to £29.3m (2021 - £25.3m) which was a positive result, although would have been greater but for the impact of the RMT industrial action that affected the rail sector nationally across Q4 of this financial year. The Group is confident that but for this impact, a revenue result greater than £30m would have been achieved for the first time.

In addition to the positive revenue growth across the year, the Group is pleased to report that the overall gross margin was broadly maintained in line with 2021 (0.38% variance). This result was achieved despite the challenges faced due to UK economic uncertainty and the ongoing impact on the UK Labour market post Brexit.

The group delivered a strong Operating Profit result of £1.21m (2021 - £1.07m) which supported an improved Net Asset position of £3.03m (2021 - £2.06m).

During the year the Group continued on a programme of capital investment, spending £0.23m across the period on predominately Plant and Equipment.

EBITDA generated for the year was £1.61m (2021 - £1.40m).

During the financial year, the rail sector entered the fourth year of the latest five-year control period (CP6). This control period includes a record level of budget spend across the sector of £42 billion and continues to bring opportunities with both our current and new customers. Beyond the Group's traditional rail customer base, during the period new opportunities have been secured supporting large UK infrastructure projects, including HS2, TransPennine Route Upgrade and Transport for Wales (CVL Transformation).

The Group has continued to invest across the year in our people and recruitment development programmes, supporting both our customers and our own Social Value strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

Statutory and regulatory changes to worker engagement continue to be monitored for potential impact on the Group and the wider UK labour market.

Future targeted industrial action (RMT) impacting on the wider UK rail and construction sector remains a key risk and uncertainty. Experience in this financial year is that such action has a significant impact on not just the targeted entity, but also the supply chain that supports it.

UK economic uncertainty, in terms of high inflation and UK labour rates rising at levels beyond this due to sector specific skills shortages, continue to create a level of risk.

**Group Strategic Report
for the Year Ended 30 September 2022**

KEY PERFORMANCE INDICATORS

The directors of the company monitor key performance indicators on an ongoing basis, particularly in relation to sales growth, margin performance, customer concentration and EBITDA.

ON BEHALF OF THE BOARD:

R Toy - Director

31 March 2023

**Report of the Directors
for the Year Ended 30 September 2022**

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2022.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the provision of labour, civil engineering, support solutions and training to the rail industry and wider UK infrastructure sector.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2021 to the date of this report.

R Toy
S Harrison
J Handley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Report of the Directors
for the Year Ended 30 September 2022**

AUDITORS

The auditors, Haslehursts Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

R Toy - Director

31 March 2023

Opinion

We have audited the financial statements of Auctus Management Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, 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 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 of the parent company affairs as at 30 September 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 the 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 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 the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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:

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

We obtained an understanding of the company's legal and regulatory framework and the industry in which it operates. We considered the risk of acts by the company that might have contravened applicable laws and regulations, including fraud. Our audit procedures were designed 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, as fraud may involve deliberate concealment by way of forgery, intentional representations or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and third party company representatives. There are inherent limitations in the audit procedures described above 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. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating 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 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 Report of the Auditors.

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 a Report of the Auditors 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.

Stuart Penfold (Senior Statutory Auditor)
for and on behalf of Haslehursts Limited
Statutory Auditor
88 Hill Village Road
Sutton Coldfield
West Midlands
B75 5BE

3 April 2023

Consolidated Statement of Comprehensive Income
for the Year Ended 30 September 2022

	Notes	2022 £	2021 £
TURNOVER	5	29,275,740	25,286,108
Cost of sales		<u>(22,310,887)</u>	<u>(19,173,658)</u>
GROSS PROFIT		6,964,853	6,112,450
Administrative expenses		<u>(5,885,452)</u>	<u>(5,130,924)</u>
		1,079,401	981,526
Other operating income		<u>135,328</u>	<u>87,892</u>
OPERATING PROFIT	7	1,214,729	1,069,418
Interest payable and similar expenses	8	<u>(10,525)</u>	<u>(12,558)</u>
PROFIT BEFORE TAXATION		1,204,204	1,056,860
Tax on profit	9	<u>(236,117)</u>	<u>(202,929)</u>
PROFIT FOR THE FINANCIAL YEAR		968,087	853,931
OTHER COMPREHENSIVE INCOME			
Purchase of own shares		-	(99,974)
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>(99,974)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>968,087</u>	<u>753,957</u>
Profit attributable to: Owners of the parent		<u>968,087</u>	<u>853,931</u>
Total comprehensive income attributable to: Owners of the parent		<u>968,087</u>	<u>753,957</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position
30 September 2022

		2022	2021
	Notes	£	£
FIXED ASSETS			
Intangible assets	11	-	3,677
Tangible assets	12	713,324	872,130
Investments	13	-	-
		<u>713,324</u>	<u>875,807</u>
CURRENT ASSETS			
Stocks	14	245,425	182,540
Debtors	15	5,029,314	5,509,479
Cash at bank and in hand		856,399	718,169
		<u>6,131,138</u>	<u>6,410,188</u>
CREDITORS			
Amounts falling due within one year	16	<u>(3,672,849)</u>	<u>(4,957,920)</u>
NET CURRENT ASSETS		<u>2,458,289</u>	<u>1,452,268</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,171,613	2,328,075
CREDITORS			
Amounts falling due after more than one year	17	(22,544)	(118,992)
PROVISIONS FOR LIABILITIES	21	<u>(117,134)</u>	<u>(145,235)</u>
NET ASSETS		<u>3,031,935</u>	<u>2,063,848</u>
CAPITAL AND RESERVES			
Called up share capital	22	618	618
Share premium	23	187,692	187,692
Capital redemption reserve	23	41	41
Treasury shares	23	26	26
Retained earnings	23	2,843,558	1,875,471
SHAREHOLDERS' FUNDS		<u>3,031,935</u>	<u>2,063,848</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2023 and were signed on its behalf by:

R Toy - Director

Company Statement of Financial Position
30 September 2022

		2022	2021
	Notes	£	£
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	276,339	351,953
Investments	13	516,583	516,583
		<u>792,922</u>	<u>868,536</u>
CURRENT ASSETS			
Stocks	14	13,932	19,149
Debtors	15	1,214,513	1,129,036
Cash at bank		46,709	58,516
		<u>1,275,154</u>	<u>1,206,701</u>
CREDITORS			
Amounts falling due within one year	16	(1,441,782)	(1,553,518)
NET CURRENT LIABILITIES		<u>(166,628)</u>	<u>(346,817)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		626,294	521,719
CREDITORS			
Amounts falling due after more than one year	17	-	(74,048)
PROVISIONS FOR LIABILITIES	21	(34,107)	(46,096)
NET ASSETS		<u>592,187</u>	<u>401,575</u>
CAPITAL AND RESERVES			
Called up share capital	22	618	618
Share premium		187,692	187,692
Capital redemption reserve		41	41
Treasury shares		26	26
Retained earnings		403,810	213,198
SHAREHOLDERS' FUNDS		<u>592,187</u>	<u>401,575</u>
Company's profit for the financial year		<u>190,612</u>	<u>258,126</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2023 and were signed on its behalf by:

R Toy - Director

Consolidated Statement of Changes in Equity
for the Year Ended 30 September 2022

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 October 2020	644	1,121,540	187,692
Changes in equity			
Issue of share capital	(26)	-	-
Total comprehensive income	-	753,931	-
Balance at 30 September 2021	<u>618</u>	<u>1,875,471</u>	<u>187,692</u>
Changes in equity			
Total comprehensive income	-	968,087	-
Balance at 30 September 2022	<u>618</u>	<u>2,843,558</u>	<u>187,692</u>
	Capital redemption reserve £	Treasury shares £	Total equity £
Balance at 1 October 2020	41	-	1,309,917
Changes in equity			
Issue of share capital	-	-	(26)
Total comprehensive income	-	26	753,957
Balance at 30 September 2021	<u>41</u>	<u>26</u>	<u>2,063,848</u>
Changes in equity			
Total comprehensive income	-	-	968,087
Balance at 30 September 2022	<u>41</u>	<u>26</u>	<u>3,031,935</u>

**Company Statement of Changes in Equity
for the Year Ended 30 September 2022**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 October 2020	644	55,072	187,692
Changes in equity			
Issue of share capital	(26)	-	-
Total comprehensive income	-	158,126	-
Balance at 30 September 2021	<u>618</u>	<u>213,198</u>	<u>187,692</u>
Changes in equity			
Total comprehensive income	-	190,612	-
Balance at 30 September 2022	<u>618</u>	<u>403,810</u>	<u>187,692</u>
	Capital redemption reserve £	Treasury shares £	Total equity £
Balance at 1 October 2020	41	-	243,449
Changes in equity			
Issue of share capital	-	-	(26)
Total comprehensive income	-	26	158,152
Balance at 30 September 2021	<u>41</u>	<u>26</u>	<u>401,575</u>
Changes in equity			
Total comprehensive income	-	-	190,612
Balance at 30 September 2022	<u>41</u>	<u>26</u>	<u>592,187</u>

Consolidated Statement of Cash Flows
for the Year Ended 30 September 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	557,532	819,212
Interest paid		(10,525)	(12,558)
Tax paid		(130,447)	(92,669)
Net cash from operating activities		<u>416,560</u>	<u>713,985</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(123,762)	(675,329)
Sale of tangible fixed assets		56,000	44,972
Net cash from investing activities		<u>(67,762)</u>	<u>(630,357)</u>
Cash flows from financing activities			
Loan repayments in year		(126,032)	(126,033)
Capital repayments in year		(84,536)	(29,400)
Share buyback		-	(100,000)
Net cash from financing activities		<u>(210,568)</u>	<u>(255,433)</u>
Increase/(decrease) in cash and cash equivalents		<u>138,230</u>	<u>(171,805)</u>
Cash and cash equivalents at beginning of year	2	718,169	889,974
Cash and cash equivalents at end of year	2	<u>856,399</u>	<u>718,169</u>

The notes form part of these financial statements

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 30 September 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	1,204,204	1,056,860
Depreciation charges	394,218	328,812
Profit on disposal of fixed assets	(56,000)	(44,972)
Government grant income received	3,000	83,892
Government grants	(3,000)	(83,892)
Finance costs	10,525	12,558
	<u>1,552,947</u>	<u>1,353,258</u>
Increase in stocks	(62,885)	(38,769)
Decrease/(increase) in trade and other debtors	480,165	(1,426,785)
(Decrease)/increase in trade and other creditors	<u>(1,412,695)</u>	<u>931,508</u>
Cash generated from operations	<u><u>557,532</u></u>	<u><u>819,212</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 September 2022

	30/9/22	1/10/21
	£	£
Cash and cash equivalents	<u>856,399</u>	<u>718,169</u>

Year ended 30 September 2021

	30/9/21	1/10/20
	£	£
Cash and cash equivalents	<u>718,169</u>	<u>889,974</u>

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 30 September 2022

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/10/21 £	Cash flow £	Other non-cash changes £	At 30/9/22 £
Net cash				
Cash at bank and in hand	<u>718,169</u>	<u>138,230</u>		<u>856,399</u>
	<u>718,169</u>	<u>138,230</u>		<u>856,399</u>
Debt				
Finance leases	(97,988)	84,536	-	(121,425)
Debts falling due within 1 year	(115,000)	51,984	-	(63,016)
Debts falling due after 1 year	<u>(74,048)</u>	<u>74,048</u>	<u>-</u>	<u>-</u>
	<u>(287,036)</u>	<u>210,568</u>	<u>-</u>	<u>(184,441)</u>
Total	<u>431,133</u>	<u>348,798</u>	<u>-</u>	<u>671,958</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 30 September 2022**

1. STATUTORY INFORMATION

Auctus Management Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts.

Turnover for labour based construction and service activities is recognised at the point in which the service has been provided in full and that income can be reliably measured.

Turnover for training courses is recognised at the point that a training course has been completed.

Other turnover such as track warning systems are recognised at the point in which the goods have been delivered to the customer such that the significant risks and rewards of ownership have transferred to the buyer.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- Period of lease
Plant & Equipment	- 33% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 33% on cost

Government grants

Government grants have been recognised under the accruals model. Government grants relating to revenue expenditure are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022**

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reported period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policy where judgements or estimations are necessarily applied are summarised below:

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset calculations and has concluded that asset lives and residual values are appropriate.

Accrued income provisions

The Directors have reviewed the basis for the recognition of accrued income and have concluded that the provision is an accurate judgement of revenue earned in the current financial year, but invoiced to customers in the following year.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 20225. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	29,275,740	25,286,108
	<u>29,275,740</u>	<u>25,286,108</u>

6. **EMPLOYEES AND DIRECTORS**

	2022 £	2021 £
Wages and salaries	10,003,525	8,832,347
Social security costs	1,109,933	920,539
Other pension costs	239,226	303,490
	<u>11,352,684</u>	<u>10,056,376</u>

The average number of employees during the year was as follows:

	2022	2021
Direct	192	85
Administration	50	64
Directors	3	3
	<u>245</u>	<u>152</u>

	2022 £	2021 £
Directors' remuneration	184,819	193,907
Directors' pension contributions to money purchase schemes	<u>32,892</u>	<u>121,711</u>

7. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Other operating leases	212,288	191,582
Depreciation - owned assets	390,541	298,645
Profit on disposal of fixed assets	(56,000)	(44,972)
Goodwill amortisation	2,369	28,571
Patents and licences amortisation	1,308	1,596
Auditors' remuneration	<u>22,202</u>	<u>20,180</u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £	2021 £
Bank loan interest	<u>10,525</u>	<u>12,558</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	264,218	130,128
Deferred tax	(28,101)	72,801
Tax on profit	<u>236,117</u>	<u>202,929</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>1,204,204</u>	<u>1,056,860</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	228,799	200,803
Effects of:		
Expenses not deductible for tax purposes	27,345	4,084
Capital allowances in excess of depreciation	-	(74,759)
Depreciation in excess of capital allowances	8,074	-
Deferred tax charge	(28,101)	72,801
Total tax charge	<u>236,117</u>	<u>202,929</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 30 September 2022.

	Gross £	2021 Tax £	Net £
Purchase of own shares	<u>(99,974)</u>	<u>-</u>	<u>(99,974)</u>

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 October 2021 and 30 September 2022	<u>100,000</u>	<u>4,752</u>	<u>104,752</u>
AMORTISATION			
At 1 October 2021	97,631	3,444	101,075
Amortisation for year	<u>2,369</u>	<u>1,308</u>	<u>3,677</u>
At 30 September 2022	<u>100,000</u>	<u>4,752</u>	<u>104,752</u>
NET BOOK VALUE			
At 30 September 2022	-	-	-
At 30 September 2021	<u>2,369</u>	<u>1,308</u>	<u>3,677</u>

12. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant & Equipment £	Fixtures and fittings £
COST			
At 1 October 2021	226,754	985,255	107,741
Additions	9,705	180,377	19,923
Disposals	-	(86,771)	-
At 30 September 2022	<u>236,459</u>	<u>1,078,861</u>	<u>127,664</u>
DEPRECIATION			
At 1 October 2021	19,562	554,973	39,556
Charge for year	29,594	245,856	32,769
Eliminated on disposal	-	(86,771)	-
At 30 September 2022	<u>49,156</u>	<u>714,058</u>	<u>72,325</u>
NET BOOK VALUE			
At 30 September 2022	<u>187,303</u>	<u>364,803</u>	<u>55,339</u>
At 30 September 2021	<u>207,192</u>	<u>430,282</u>	<u>68,185</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

12. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 October 2021	23,391	338,322	1,681,463
Additions	-	21,730	231,735
Disposals	(4,820)	(10,770)	(102,361)
At 30 September 2022	<u>18,571</u>	<u>349,282</u>	<u>1,810,837</u>
DEPRECIATION			
At 1 October 2021	21,790	173,452	809,333
Charge for year	1,601	80,721	390,541
Eliminated on disposal	(4,820)	(10,770)	(102,361)
At 30 September 2022	<u>18,571</u>	<u>243,403</u>	<u>1,097,513</u>
NET BOOK VALUE			
At 30 September 2022	-	105,879	713,324
At 30 September 2021	<u>1,601</u>	<u>164,870</u>	<u>872,130</u>

Company

	Improvements to property £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 October 2021	226,754	22,070	307,004	555,828
Additions	9,705	-	14,487	24,192
Disposals	-	(4,820)	(10,770)	(15,590)
At 30 September 2022	<u>236,459</u>	<u>17,250</u>	<u>310,721</u>	<u>564,430</u>
DEPRECIATION				
At 1 October 2021	19,562	20,469	163,844	203,875
Charge for year	29,594	1,601	68,611	99,806
Eliminated on disposal	-	(4,820)	(10,770)	(15,590)
At 30 September 2022	<u>49,156</u>	<u>17,250</u>	<u>221,685</u>	<u>288,091</u>
NET BOOK VALUE				
At 30 September 2022	<u>187,303</u>	-	89,036	276,339
At 30 September 2021	<u>207,192</u>	<u>1,601</u>	<u>143,160</u>	<u>351,953</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

13. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£**COST**At 1 October 2021
and 30 September 2022516,583**NET BOOK VALUE**At 30 September 2022
At 30 September 2021516,583516,583

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries**RSS Infrastructure Limited**

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR
Nature of business: Rail safety solutions and contingent labour

	%
Class of shares:	holding
Ordinary	100.00

Auctus Workforce Solutions Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR
Nature of business: Recruitment solutions to the construction industry

	%
Class of shares:	holding
Ordinary	100.00

Auctus ATA Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR
Nature of business: Supply of apprenticeships to the rail industry

	%
Class of shares:	holding
Ordinary	100.00

Infra Skills Limited

Registered office: Tech Block Gee Business Centre, Holborn Hill, Aston, Birmingham, England, B7 5JR
Nature of business: Rail industry training and assessment services

	%
Class of shares:	holding
Ordinary	100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

14. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stocks	<u>245,425</u>	<u>182,540</u>	<u>13,932</u>	<u>19,149</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	3,563,479	3,350,446	709,633	207,288
Amounts owed by group undertakings	-	-	160,818	285,519
Other debtors	55,080	76,513	52,890	56,655
Directors' loan accounts	162,737	162,737	162,737	162,737
Prepayments and accrued income	<u>1,248,018</u>	<u>1,919,783</u>	<u>128,435</u>	<u>416,837</u>
	<u>5,029,314</u>	<u>5,509,479</u>	<u>1,214,513</u>	<u>1,129,036</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts (see note 18)	63,016	115,000	63,016	115,000
Hire purchase contracts (see note 19)	98,881	53,044	-	-
Trade creditors	1,501,491	1,495,429	184,738	342,137
Amounts owed to group undertakings	-	-	249,054	276,272
Corporation tax	263,899	130,128	88,842	36,106
Social security and other taxes	286,143	250,586	46,311	39,974
VAT	499,033	596,520	500,807	614,518
Other creditors	436,186	1,609,236	147,270	6,928
Accrued expenses	<u>524,200</u>	<u>707,977</u>	<u>161,744</u>	<u>122,583</u>
	<u>3,672,849</u>	<u>4,957,920</u>	<u>1,441,782</u>	<u>1,553,518</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans (see note 18)	-	74,048	-	74,048
Hire purchase contracts (see note 19)	<u>22,544</u>	<u>44,944</u>	<u>-</u>	<u>-</u>
	<u>22,544</u>	<u>118,992</u>	<u>-</u>	<u>74,048</u>

The loan is secured by a debenture over the assets of the company. The repayment date is March 2023 and has an interest rate of 2.75% over base.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>63,016</u>	<u>115,000</u>	<u>63,016</u>	<u>115,000</u>
Amounts falling due between one and two years:				
Bank loan 2 - 5 years	<u>-</u>	<u>74,048</u>	<u>-</u>	<u>74,048</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	98,881	53,044
Between one and five years	<u>22,544</u>	<u>44,944</u>
	<u>121,425</u>	<u>97,988</u>

Group

	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	276,338	199,860
Between one and five years	686,280	485,544
In more than five years	<u>177,827</u>	<u>480,578</u>
	<u>1,140,445</u>	<u>1,165,982</u>

Company

	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	204,072	166,872
Between one and five years	589,496	323,231
In more than five years	<u>177,827</u>	<u>480,578</u>
	<u>971,395</u>	<u>970,681</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	63,016	189,048	63,016	189,048
Invoice discounting facility	-	1,470,572	-	-
	<u>63,016</u>	<u>1,659,620</u>	<u>63,016</u>	<u>189,048</u>

The bank loan is secured on the assets of the company. The invoice discounting facility is secured on the trade debtors. In addition, personal guarantees totalling £100,000 have been given by the directors in connection with the invoice discounting facility.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>117,134</u>	<u>145,235</u>	<u>34,107</u>	<u>46,096</u>

Group

	Deferred tax
	£
Balance at 1 October 2021	145,235
Credit to Statement of Comprehensive Income during year	(28,101)
Balance at 30 September 2022	<u>117,134</u>

Company

	Deferred tax
	£
Balance at 1 October 2021	46,096
Credit to Income Statement during year	(11,989)
Balance at 30 September 2022	<u>34,107</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
61,811	Ordinary	0.01	<u>618</u>	<u>618</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2022

23. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Treasury shares £	Totals £
At 1 October 2021	1,875,471	187,692	41	26	2,063,230
Profit for the year	968,087				968,087
At 30 September 2022	<u>2,843,558</u>	<u>187,692</u>	<u>41</u>	<u>26</u>	<u>3,031,317</u>

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Treasury shares £	Totals £
At 1 October 2021	213,198	187,692	41	26	400,957
Profit for the year	190,612				190,612
At 30 September 2022	<u>403,810</u>	<u>187,692</u>	<u>41</u>	<u>26</u>	<u>591,569</u>

24. CONTINGENT LIABILITIES

Cross guarantees exist between the company and RSS Infrastructure Limited under which each company has guaranteed certain debts of the other.

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30 September 2022 and 30 September 2021:

	2022 £	2021 £
S Harrison		
Balance outstanding at start of year	85,243	85,243
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>85,243</u>	<u>85,243</u>
R Toy		
Balance outstanding at start of year	77,494	77,494
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>77,494</u>	<u>77,494</u>

26. **RELATED PARTY DISCLOSURES**

Key management personnel

The company has identified key management personnel as the directors of the company, and their remunerations are detailed on note 6 of these financial statements.

27. **ULTIMATE CONTROLLING PARTY**

There is no single controlling party.

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