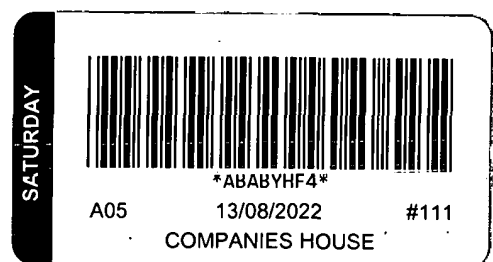

SEDDON GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



SEDDON GROUP LIMITED

COMPANY INFORMATION

Directors

J H Schofield
J F Seddon
C W E Graham
K Waddington
P J F Jackson
J C B Seddon
M R Jefferson
B S Quinn

Registered number

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Registered office

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Independent auditors

RSM UK Audit LLP
Statutory Auditor and Chartered Accountants
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M3 3HF

Bankers

Barclays Bank plc
3 Hardman Street
Manchester
M3 3HF

SEDDON GROUP LIMITED

CONTENTS

	Page
Group strategic report	1 - 5
Directors' report	6 - 9
Independent auditors' report	10 - 13
Consolidated profit and loss account	14
Consolidated statement of comprehensive income	15
Consolidated balance sheet	16 - 17
Company balance sheet	18
Consolidated statement of changes in equity	19 - 20
Company statement of changes in equity	21 - 22
Consolidated statement of cash flows	23 - 24
Consolidated analysis of net debt	25
Notes to the financial statements	26 - 54

SEDDON GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The principal activity of the Group during the year was that of a building contractor incorporating:

- Residential, industrial, healthcare and commercial development;
- Partnership in joint venture companies for development opportunities.

The principal activity of the Company is that of a holding company.

Business review

Our industry has continued to respond positively to the pandemic with all building sites remaining open whilst adhering to public health guidelines.

The business has worked with our customers and supply chain to ensure all of our sites remained open and productive.

During the year the directors completed a review of the corporate structure of the group. The group has now completed a re-organisation. The shareholders incorporated a new company, Seddon Real Estate Limited, which then issued further shares in exchange for Ordinary B shares in Seddon Group Limited. Seddon Group Limited then transferred its ownership of Seddon Residential Holdings Limited to Seddon Real Estate Limited by way of a dividend in specie on 29 October 2021.

Turnover for the year was £209.7m (2020: £200.0m). The main trading subsidiary, Seddon Construction Limited reported an increase in turnover of 27% to £165.9m (2020: £130.4m). Turnover of the continuing operations was £173.1m (2020: £141.7m).

The Group reported a profit before tax of £8.5m (2020: £7.0m). This result includes government grant income of £0.1m (2020: £2.4m) received under the Coronavirus Job Retention Scheme in relation to staff whilst on furlough and who were therefore not performing any services for the Group.

The continuing operations of the group reported a profit before tax of £5.9m (2020: loss of £1.2m). Administrative costs arising from continuing operations of £13.1m (2020: £14.5m) reflects a smaller overhead base post Covid with the prior year also bearing redundancy costs. The performance of our joint ventures was strong in the year reporting a profit on continuing operation of £4.5m (2020: loss of £0.3m). The main contributor to this profit was a land promotion joint venture in our commercial property division which completed the sale of several plots of land in 2021.

During the year the Group reported a decrease in cash reserves of £17.1m (2020: increase of £29.9m) reflecting high levels of investment in land and work in progress in our development businesses. The demerger of Seddon Residential Holdings Limited and its trading subsidiaries accounted for £3.8m of this decrease.

The Group has a strong balance sheet at the year end with net assets of £51.9m (2020: £70.2m) and has strong liquidity with year end cash balances, net of overdrafts, of £15.9m (2020: £33.0m).

The construction industry continues to be a challenging and highly competitive market. The supply chain has been challenging subsequent to the Government imposed lockdowns with volatility in availability and price of both materials and labour. Our combined contracting business reported an increase in turnover of 27% to £166.5m (2020: £130.9m). The profit before tax at £2.1m compares to a loss before tax of £2.5m reported in 2020. Our pipeline of work remained strong throughout 2021, which supported the company ethos to maintain a stable overhead base, but we continued to face many delays in moving projects forward into the construction phase, particularly with an uncertain supply chain.

During the year our healthcare and commercial property development business reported a profit before tax of £2.6m (2020: £2.0m) as a number of projects were sold during the year.

SEDDON GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Through carefully managing of the Group's cash position the directors believe the Group retains the capability to invest further in land and work in progress for residential and commercial property developments in 2022.

The Group has continued to invest in the future providing a comprehensive employee training programme. We have maintained a strong commitment to investing in apprentices, recognising that these staff will always represent a valuable asset which transcends market cycles.

To remain competitive, and in recognition of the changing nature of our clients' requirements, we continue to investigate and research alternative methods of construction. Adopting the most appropriate innovative and technological improvements will benefit our clients and ourselves by reducing long and short terms costs as well as reducing the environmental impact of our operations.

Principal risks and uncertainties

Other than general economic risks, the principal risks facing the Group are those relating to highly competitive bidding, inflation in the supply chain and changes to government planning and other regulations. The Group enters into long term contracts in the normal course of business. The length of these contracts introduces further commercial, inflation, client and supply chain risks to our business which can have an impact on the revenue and profit recognised on each contract. Significant levels of our current activity continue to relate to local authorities, housing associations and care homes, all of which continue to be impacted by changes in Government legislation. Whilst we will continue to work with these clients we will seek to balance this risk by working with selected private sector clients. Residential and commercial property developments are dependent on appropriate land being available as well as being subject to planning risks and mortgage availability and affordability.

The UK has now left the European Union and this has resulted in new uncertainties as supply chains adapt to post Brexit regulations.

The full impact of the Covid-19 pandemic remains unclear. As the world seeks to return to pre-pandemic economic activity levels the construction supply chain has seen much uncertainty with significant volatility in both the availability and cost of materials and labour.

The directors continue to monitor the potential impact of the above issues on our clients.

Key performance indicators

The directors have monitored the progress of the Group by reference to certain financial key performance indicators:

	2021	2020	Measure
Growth/(reduction) in turnover	4.9%	3.8%	Year on year sales growth / (reduction) %
Gross profit %	8.1%	10.2%	Gross profit / turnover
Return on capital employed	23.7%	18.8%	Profit before tax / (shareholders funds plus net debt)

The directors also monitor certain non-financial key performance indicators:

	2021	2020
Proportion of budgeted contracting work secured as at 31 December	63%	91%
Proportion of contracting work completed with repeat customers	78%	74%
Number of apprentices as proportion of Seddon Construction workforce	8%	8%

SEDDON GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The Group has cash resources which give it the capacity to invest in land and to build its land bank for residential, healthcare and commercial property development opportunities.

Section 172 statement

In accordance with section 172 of the Companies Act 2006, the directors, collectively and individually, confirm that during the year ended 31 December 2021, they acted in good faith and have upheld their 'duty to promote the success of the company to the benefit of its stakeholder groups. Section 172 describes a diverse range of stakeholders whose interests are said to feature in the 'success of the Company'; comments on each of these are provided below:

Stakeholders and strategy

The Board's primary responsibility is to promote the long-term success of the Group by creating and delivering sustainable shareholder value as well as contributing to wider society. The successful delivery of the long-term plans relies on key inputs and positive relationships with a wide range of stakeholders. The Board seeks to achieve this by setting out its strategy, monitoring performance against the Group's strategic objectives and reviewing the implementation of the strategy.

A formal schedule of matters reserved for Board approval is maintained and reviewed regularly for operational relevance. This includes the determination of the Group's strategy and long-term direction, reviewing health and safety performance, approval of budgets, capital expenditure, organisational changes and changes in key policies. The Board also monitors the effectiveness of the Group's systems of internal control, governance and risk management.

Our people

Seddon has always invested in its people, from early careers through to continued professional development. Engaging with our employees is crucial to our success and we recognise that an engaged and motivated workforce delivers high quality projects, safely, on time, to budget and with an outstanding level of quality. Our highest priority at Seddon is keeping people safe and we continue to work proactively on our Protect initiative across the Company; our approach and commitment to Health and Safety has resulted in a continuous improvement across our KPIs.

The global pandemic provided significant challenges to the business and our people as we had to look for different ways to continue to provide training and development opportunities. As lockdown restrictions lifted, we've continued to utilise many of the online solutions developed during the pandemic, including our new digital learning platform through which we provided 1,772 e-learning courses throughout 2021. Our face-to-face training and skills labs have also been able to commence again bringing our people back together to share skills and best practice.

We've kept many of the new 'ways of working' introduced during the pandemic, with many of our people now opting to work a 'blended' week both working remotely from home and in the office. We introduced new training modules around working from home and managing an agile team, alongside upskilling our people in the use of platforms such as Microsoft Teams, to equip our people with all the tools they need to work both flexibly and in a working pattern that works for them.

We remain committed to working towards a more inclusive culture at Seddon and the insights gained during the pandemic have enabled us to 'flex' our working practices staying true to our 'work is a thing you do, not a place you go' approach. We've invested in our IT infrastructure and software to ensure remote connectivity and our employees still have access to vital support systems including our Employee Assistance Programme (EAP), Mental Health First Aiders and helpdesks.

As restrictions lifted, we were also able to welcome 17 new apprentices to the business in 2021 following a

SEDDON GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

recruitment hiatus in 2020 due to the pandemic when we focussed efforts on supporting existing apprentices and trainees. Each of the new apprentices are supported by a mentor within the business and training and development remain a key focus of the business.

In addition, we have also:

- Provided jobs to 8 candidates through the Government's 'Kickstart' scheme;
- Offered 300 hours of work experience placements across our sites and offices;
- Trained 8 more people in Mental Health First Aid taking us to 15 across the business;
- Provided Mental Health First Aid training to 12 subcontractors; and
- Delivered Mental Health tool box talks to over 200 people.

Engagement with customers, suppliers and others

Good communication is also a key component of our success at Seddon, and we pride ourselves on honest and open communications with our key stakeholders; to us building relationships is as important as building buildings.

We have continued to invest time and resources in detailed management information and business intelligence, so that we can make more informed decisions when it comes to who we work for and who we work with.

This digital shift has also rolled out into our communications model, as we recognise the broad reach that digital communications can provide. Interactions and engagements through our social media channels have increased and we are channelling strategic news and updates to our audience this way.

We have continued to utilise communication tools such as Page Tiger, an online communication resource that allows us to share more meaningful, interactive information in real time. We can also see who is interacting with us via this platform.

Our supply chain partners have been refined and recognised on our 'One List' that consists of our trusted and preferred partners and we continue to build better relationships with them through breakfast mornings and meet the buyer events. Furthermore, during 2021 we launched our 'Supply Chain Portal' which enhances our engagement with suppliers and subcontractors and allows them access up to date information about upcoming project opportunities to work with Seddon.

Social responsibility

For the Seddon Family, giving something back has always been important. The business has been supporting people in local communities since it began, providing employment and training, as well as our investment in CSR. We take responsibility as an organisation and recognise that as a body of people, we can add far more value, than individuals' efforts. Whilst we have the resource and the drive to help, we recognise we don't have all the answers and work closely with national charities as well as local social enterprises and initiatives, so that we can add value in a sustainable way, that meets the needs of the community.

Nationally, The Christie continues to be our charity of choice and we are well on target for raising £1m in our 125th anniversary year.

The "Together We CAM" campaign, which sees us donate £250 for every house Seddon Homes sells on the private market until December 2022, took off and we successfully raised £39,750 throughout 2021. The new "The Christie at Macclesfield" facility is now open, and patients are being treated. The Christie also honoured our efforts by naming one of the CT suites 'The Seddon CT Room'.

Following the cancellation of much of our fundraising activity in 2020, the lifting of restrictions in 2021 enabled us to mobilise many of our social value and charity events again reinforcing our commitment to supporting The Christie and other local charities. Some of these activities included:

SEDDON GROUP LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

International women's week: Supported Bolton at Home's 'Working Wardrobe' initiative which has been set up to tackle barriers into employment which many people face today, from not having suitable clothing to wear, to interview tips. During 'International Women's Week' Seddon helped out by giving three candidates work experience opportunities and providing interview technique coaching for candidates. The scheme was extremely successful, and 68 people were assisted in securing a job.

Woodlands Forest School: Helped St Catherine's Primary School in Bolton (identified as one of the most challenged schools in the area) by providing funding for transport to allow 20 primary school pupils to the forest school Monday to Friday during the 6-week summer holidays.

Think Sandwell: We took on seven work experience placements, who came to us through Sandwell MBC to provide eight weeks work experience for local students via Sandwell's Employment and Skills Team, "Think Sandwell". The programme works with young people that are at risk of becoming Not in Education, Employment, or Training (NEET). At the end of the works and based on positive feedback from the site manager, Michael Jordan, an apprentice carpenter was offered a permanent position at Fisher Carpentry, our subcontractor at Carisbrooke.

Urban outreach: We have dedicated over 100-hours within the past six-months assisting Urban Outreach to deliver essential food parcels for families in the Bolton community. In 2021 we helped deliver:

- 16,745 food parcels supporting 31,851 people;
- 600 lunches via free school meals to families in Bolton;
- 1,500 Christmas hampers to 1,500 families; and
- 1,500 Christmas presents to 1,500 children.

We planted 38,000 trees on Rivington Moorland with The Bolton Family and The Woodland Trust, and our employees donated 1,659 voluntary hours.

This report was approved by the board and signed on its behalf.



J F Seddon
Director

Date: 05/08/22

SEDDON GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' Responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Going concern

As at 31 December 2021, the Group had cash of £15.9m and access to undrawn bank facilities totalling £3.0m. It also had a strong forward order book.

The uncertainty as to the future impact on the Group of external factors has been considered as part of the Group's adoption of the going concern basis. The Board has completed an assessment as to the potential impact to the Group in the event of certain downside scenarios, including a significant deterioration in revenues and productivity. A key component of this exercise is to highlight future discretionary expenditure on housing and commercial property developments which could be avoided or deferred in order to protect the Group's cash balances.

The financial statements have been prepared on the going concern basis which the directors believe is appropriate for the following reasons. The Group currently meets its day to day working capital requirements through its cash balances and a bank overdraft. The directors have prepared and reviewed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which they consider to be achievable given the current levels of trading. The directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SEDDON GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

The Group uses financial instruments; these include bank and other loans, a bank overdraft, a revolving credit facility, finance leases, cash and various items, such as trade debtors and creditors that arise directly from its operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

- **Liquidity risk** – The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by a group overdraft facility.
- **Interest rate risk** – The Group finances its operations through a mixture of retained profits, bank and other loans, a bank overdraft and finance leases. The interest rate exposure of the financial assets and liabilities of the group as at 31 December 2021 is shown below. The table includes trade debtors and trade creditors which do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial assets				
Cash	-	15,932	-	15,932
Trade debtors	-	-	1,230	1,230
Amounts recoverable on contracts	-	-	14,386	14,386

	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial liabilities				
Hire purchase contracts	40	-	-	40
Trade creditors	-	-	1,679	1,679

- **Credit risk** - The Group's principal financial assets are cash deposits, cash, amounts recoverable on contracts and trade debtors. The credit risk associated with cash is linked to the impact of long term contracts with our customers where certain contract receipts are deferred for several months. The directors manage this credit risk through a detailed customer approval and acceptance process.

Results and dividends

The results of the Group for the year ended 31 December 2021 are set out in detail on pages 14.

The profit for the year, after taxation, amounted to £7,251,000 (2020: £5,870,000).

Ordinary dividends of £1,350,000 (2020: £nil) and preference dividends of £22 (2020: £nil) were paid during the year.

SEDDON GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

The directors who served during the year were:

J H Schofield
J F Seddon
C W E Graham
K Waddington
P J F Jackson
J C B Seddon
M R Jefferson
B S Quinn

Future developments

Future developments are addressed in the Group strategic report.

Disabled employees

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 company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Qualifying third party indemnity provisions

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors and officers insurance policy.

Greenhouse gas emissions, energy consumption and energy efficiency action

The SECR disclosure covers the Group's greenhouse gas emissions (scope 1 and 2), an appropriate intensity ratio, the total energy usage of gas, electricity, fuel for transport and production.

	2021	2020
Emissions resulting from activities for which the Group is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	2,110.20	2,197.79
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	446.84	717.70
Energy consumed from activities for which the Group is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport, in kWh	10,210,833	12,136,658

An intensity ratio of 12.2 (2020: 14.6) has been calculated as tCO2e gross figure based on mandatory fields above / £m revenue.

GHG emissions have been calculated through application of DEFRA's UK 2021 GHG Conversion Factors for Company Reporting (July 2020) using the reporting standard: The Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (WBCSD & WRI, 2015 updated edition).

SEDDON GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The following energy efficiency actions have been initiated during the reporting period:

- Online inductions for site operatives, drivers and visitors now incorporate energy efficiency considerations;
- Agile working solutions have been deployed during the last year, encouraging a shift to regular homeworking, whilst travel to operational sites has been discouraged;
- Greater energy efficiencies have been achieved through our fleet vehicles with procurement of electric vehicles and installation of charge points at Head office.

Matters covered in the Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report, including future developments information, employee engagement statement and stakeholder engagement statement (incorporated within the section 172 statement).

Disclosure of information to auditors

The directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

On 4 November 2021, the company appointed RSM UK Audit LLP as its auditor.

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Colin Graham

C W E Graham
Director

Date: 05/08/22

SEDDON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEDDON GROUP LIMITED

Opinion

We have audited the financial statements of Seddon Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Profit and loss account, the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity, the Consolidated Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, 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 or 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.

SEDDON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEDDON GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

SEDDON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEDDON GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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 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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

SEDDON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEDDON GROUP LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and judgements, revenue recognition and estimates made in the valuation of amounts recoverable on contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period.
- Challenging judgements and estimates applied in the valuation of amounts recoverable on contracts by; discussing contract performance with quantity surveyors, reviewing post year performance of projects and comparing the outturn of projects with the estimates made in preparing the previous year's financial statements.

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

Use of our report

This report is made solely to the Company's 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 Auditors' 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.

Dale Thorpe

Dale Thorpe (Senior statutory auditor)
for and on behalf of
RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
9th Floor
3 Hardman Street
Manchester
M3 3HF
Date: 08/08/22

SEDDON GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Continuing operations 2021 £000	Discontin'd operations 2021 £000	Total 2021 £000	Continuing operations 2020 £000	Discontin'd operations 2020 £000	Total 2020 £000
Turnover							
Group and share of joint ventures' turnover		186,519	38,775	225,294	143,365	62,593	205,958
Less: share of joint ventures' turnover		(13,371)	(2,207)	(15,578)	(1,666)	(4,319)	(5,985)
Group turnover		173,148	36,568	209,716	141,699	58,274	199,973
Cost of sales		(161,215)	(31,456)	(192,671)	(132,509)	(47,089)	(179,598)
Gross profit		11,933	5,112	17,045	9,190	11,185	20,375
Administrative expenses		(13,101)	(3,002)	(16,103)	(14,479)	(3,608)	(18,087)
Other operating income	5	2,512	102	2,614	4,352	434	4,786
Operating profit/(loss)	6	1,344	2,212	3,556	(937)	8,011	7,074
Share of profit of joint ventures		4,498	532	5,030	(280)	409	129
Total operating profit/(loss)		5,842	2,744	8,586	(1,217)	8,420	7,203
Interest receivable and similar income	10	281	3	284	360	-	360
Interest payable and similar expenses	11	(156)	(135)	(291)	(304)	(199)	(503)
Other finance income		(28)	-	(28)	(41)	-	(41)
Profit/(loss) before tax		5,939	2,612	8,551	(1,202)	8,221	7,019
Tax on profit/(loss)	13	(805)	(495)	(1,300)	372	(1,521)	(1,149)
Profit/(loss) for the financial year		5,134	2,117	7,251	(830)	6,700	5,870
Profit/(loss) for the year attributable to:							
Owners of the parent		5,134	2,117	7,251	(830)	6,700	5,870
		5,134	2,117	7,251	(830)	6,700	5,870

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Profit for the financial year		<u>7,251</u>	<u>5,870</u>
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes		821	(411)
Movement on deferred tax relating to pension (losses)/gains		<u>(205)</u>	<u>78</u>
Other comprehensive income for the year		<u>616</u>	<u>(333)</u>
Total comprehensive income for the year		<u><u>7,867</u></u>	<u><u>5,537</u></u>
Profit for the year attributable to:			
Owners of the parent Company		<u>7,251</u>	<u>5,870</u>
		<u><u>7,251</u></u>	<u><u>5,870</u></u>
Total comprehensive income attributable to:			
Owners of the parent Company		<u>7,867</u>	<u>5,537</u>
		<u><u>7,867</u></u>	<u><u>5,537</u></u>

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED
REGISTERED NUMBER: 08461555

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	16	6,314	7,260
Investments	17	1,360	577
Investment property	18	7,960	6,260
		<u>15,634</u>	<u>14,097</u>
Current assets			
Stocks	19	1,818	44,098
Debtors	20	58,564	34,287
Cash at bank and in hand	22	15,932	33,048
		<u>76,314</u>	<u>111,433</u>
Creditors: amounts falling due within one year	23	(37,787)	(51,341)
Net current assets		<u>38,527</u>	<u>60,092</u>
Total assets less current liabilities		<u>54,161</u>	<u>74,189</u>
Creditors: amounts falling due after more than one year	24	(12)	(23)
Provisions for liabilities			
Other provisions	27	(940)	(1,403)
		<u>(940)</u>	<u>(1,403)</u>
Net assets excluding pension liability		<u>53,209</u>	<u>72,763</u>
Pension liability	32	(1,297)	(2,540)
Net assets		<u><u>51,912</u></u>	<u><u>70,223</u></u>

SEDDON GROUP LIMITED
REGISTERED NUMBER: 08461555

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital	28	113	76
Capital redemption reserve	29	-	35
Merger reserve	29	50,141	50,141
Profit and loss account	29	1,658	19,971
Equity attributable to owners of the parent Company		<u>51,912</u>	<u>70,223</u>
		<u>51,912</u>	<u>70,223</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 05/08/22



J F Seddon
Director

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED
REGISTERED NUMBER: 08461555

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	17	338	88
Investment property	18	12,268	11,199
		<u>12,606</u>	<u>11,287</u>
Current assets			
Debtors	20	34,771	41,275
Cash at bank and in hand	22	11,932	11,243
		<u>46,703</u>	<u>52,518</u>
Creditors: amounts falling due within one year	23	(43,884)	(48,353)
Net current assets		<u>2,819</u>	<u>4,165</u>
Total assets less current liabilities		<u>15,425</u>	<u>15,452</u>
Provisions for liabilities			
Deferred taxation	21	(15)	-
		<u>(15)</u>	<u>-</u>
Net assets excluding pension liability		<u>15,410</u>	<u>15,452</u>
Pension liability	32	(1,297)	(2,540)
Net assets		<u><u>14,113</u></u>	<u><u>12,912</u></u>
Capital and reserves			
Called up share capital	28	113	76
Capital redemption reserve	29	-	35
Profit and loss account	29	14,000	12,801
		<u><u>14,113</u></u>	<u><u>12,912</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,935k (2020: loss of £732k) and its total comprehensive income for the year was £2,551k (2020: loss of £1,065k).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 05/08/22



J F Seddon
Director

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 January 2021	76	35	50,141	19,971	70,223	70,223
Comprehensive income for the year						
Profit for the year	-	-	-	7,251	7,251	7,251
Actuarial gains on pension scheme (net of deferred taxation)	-	-	-	616	616	616
Other comprehensive income for the year						
	-	-	-	616	616	616
Total comprehensive income for the year						
	-	-	-	7,867	7,867	7,867
Dividends: Equity capital	-	-	-	(1,350)	(1,350)	(1,350)
Bonus issue	37	(35)	-	(2)	-	-
Group reconstruction	-	-	-	(24,828)	(24,828)	(24,828)
Total transactions with owners						
	37	(35)	-	(26,180)	(26,178)	(26,178)
At 31 December 2021	113	-	50,141	1,658	51,912	51,912

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 January 2020	76	35	50,141	14,434	64,686	64,686
Comprehensive income for the year						
Profit for the year	-	-	-	5,870	5,870	5,870
Actuarial losses on pension scheme (net of deferred taxation)	-	-	-	(333)	(333)	(333)
Other comprehensive income for the year	-	-	-	(333)	(333)	(333)
Total comprehensive income for the year	-	-	-	5,537	5,537	5,537
Total transactions with owners	-	-	-	-	-	-
At 31 December 2020	76	35	50,141	19,971	70,223	70,223

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	76	35	12,801	12,912
Comprehensive income for the year				
Profit for the year	-	-	1,935	1,935
Actuarial gains on pension scheme (net of deferred taxation)	-	-	616	616
Other comprehensive income for the year	-	-	616	616
Total comprehensive income for the year	-	-	2,551	2,551
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,350)	(1,350)
Bonus issue	37	(35)	(2)	-
Total transactions with owners	37	(35)	(1,352)	(1,350)
At 31 December 2021	113	-	14,000	14,113

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	76	35	13,866	13,977
Comprehensive income for the year				
Loss for the year	-	-	(732)	(732)
Actuarial losses on pension scheme (net of deferred taxation)	-	-	(333)	(333)
Other comprehensive income for the year	-	-	(333)	(333)
Total comprehensive income for the year	-	-	(1,065)	(1,065)
Total transactions with owners	-	-	-	-
At 31 December 2020	76	35	12,801	12,912

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£000	£000
Cash flows from operating activities		
Profit for the financial year	7,251	5,870
Adjustments for:		
Amortisation of intangible assets	-	61
Depreciation of tangible assets	1,145	1,346
Loss on disposal of tangible assets	-	(14)
Interest paid	319	544
Interest received	(285)	(360)
Taxation charge	1,300	1,149
(Increase)/decrease in stocks	(13,202)	10,798
(Increase)/decrease in debtors	(26,441)	8,770
Increase in creditors	22,407	2,456
(Decrease) in net pension assets/liabs	(450)	(420)
Share of operating (loss) in joint ventures	(5,030)	(129)
Corporation tax (paid)	(24)	(278)
Profit on sale of investments	-	(1,524)
Revaluation of investment properties	(1,258)	(247)
Net cash generated from operating activities	(14,268)	28,022
Cash flows from investing activities		
Purchase of tangible fixed assets	(805)	(601)
Sale of tangible fixed assets	138	198
Purchase of investment properties	(8)	(53)
Sale of unlisted and other investments	-	1,358
Cash transferred on disposal of subsidiary	(3,795)	-
Interest received	285	360
HP interest paid	(1)	(1)
Dividends received	2,744	731
Net cash from investing activities	(1,442)	1,992

SEDDON GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Cash flows from financing activities		
Repayment of loans	(75)	(6,060)
(Repayment of)/new finance leases	19	(21)
Dividends paid	(1,350)	-
Interest paid	-	(108)
Net cash used in financing activities	(1,406)	(6,189)
Net (decrease)/increase in cash and cash equivalents	(17,116)	23,825
Cash and cash equivalents at beginning of year	33,048	9,223
Cash and cash equivalents at the end of year	15,932	33,048
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	15,932	33,048
	15,932	33,048

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £000	Cash flows £000	Acquisition and disposal of subsidiaries £000	At 31 December 2021 £000
Cash at bank and in hand	33,048	(13,321)	(3,795)	15,932
Debt due after 1 year	(15)	15	-	-
Debt due within 1 year	(60)	60	-	-
Finance leases	(21)	(19)	-	(40)
	32,952	(13,265)	(3,795)	15,892

The notes on pages 26 to 54 form part of these financial statements.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Seddon Group Limited is a private company limited by shares and is registered in England and Wales. The registered office is Seddon Building, Plodder Lane, Edge Fold, Bolton, BL4 0NN.

The group financial statements consolidate the financial statements of Seddon Group Limited and all its subsidiary undertakings drawn up to 31 December each year.

The financial statements are presented in Sterling (£), the functional currency of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The individual accounts of Seddon Group Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes; and
- the requirement to disclose related party transactions with wholly owned subsidiaries of Seddon Group Limited.

The following principal accounting policies have been applied:

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Going concern

As at 31 December 2021, the Group had cash of £15.9m and access to undrawn bank facilities totalling £3.0m. It also had a strong forward order book.

The uncertainty as to the future impact on the Group of external factors has been considered as part of the Group's adoption of the going concern basis. The Board has completed an assessment as to the potential impact to the Group in the event of certain downside scenarios, including a significant deterioration in revenues and productivity. A key component of this exercise is to highlight future discretionary expenditure on housing and commercial property developments which could be avoided or deferred in order to protect the Group's cash balances.

The financial statements have been prepared on the going concern basis which the directors believe is appropriate for the following reasons. The Group currently meets its day to day working capital requirements through its cash balances and a bank overdraft. The directors have prepared and reviewed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which they consider to be achievable given the current levels of trading. The directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of residential and other property is recognised on legal completion.

Revenue on long term construction projects is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work done.

When the outcome of a contract can be assessed reliably, contract revenue and associated costs are recognised as revenue and costs respectively by reference to the stage of completion of the contract activity at the balance sheet date. Full provision is made for losses on all contracts in the period in which the loss is first foreseen.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised in the period in which they are incurred.

Rental income is recognised in the period to which it relates.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold property	-	50 years
Plant and machinery	-	between 2 and 10 years
Motor vehicles	-	between 2 and 7 years
Fixtures and fittings	-	between 2 and 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the consolidated profit and loss account.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life of 3 to 5 years.

2.7 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

If the Group's share of the losses of an associate or joint venture exceeds or equals the carrying amount of its investment in the associate or joint venture the Group then recognises additional losses by a provision where it has incurred legal or constructive obligations or has made payments on behalf of the associate or joint venture.

2.8 Investment property

Investment property is carried at fair value determined annually by an internal valuer and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated profit and loss account. The internal valuer is a qualified surveyor with over 20 years experience in property investment and development.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Prior to the adoption of FRS 102, where merger relief was applicable, the cost of the investment in a subsidiary undertaking was measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost in relation to development stock comprises direct materials, and where applicable, direct labour costs and those directly attributable overheads that have been incurred in bringing the stock to its present location and condition.

At each balance sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Amounts recoverable on contracts

Long term contract balances included in amounts recoverable on contracts are stated at cost plus attributable profit, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Pensions

The Company and other Group companies pay contributions to a Group Personal Pension Plan, which provides benefits for employees on a money purchase basis. The company and other Group companies also participate in the Seddon Solutions Limited Retirement Scheme, a pension scheme that provides benefits on a defined benefit basis. Certain Group companies also contribute to the EasyBuild pension arrangement operated by B and CE.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Defined benefit pension plan

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the consolidated statement of comprehensive income.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. These amounts are recognised in the statement of changes in equity. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.20 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.21 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.22 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.23 Interest receivable and similar income

Interest receivable and similar income is recognised in profit or loss using the effective interest method.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.24 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Group enters into long term contracts in the normal course of business. The nature of such contracts introduces judgment and uncertainty into the recognition of revenue and profit for the business. Certain contracts are subject to disputes and legal claims. Such contracts included in amounts recoverable on long term contracts in note 20 have been reviewed by the directors and appropriate provisions have been made.

The Group acquires land for property development in the normal course of business. All land included within stock in note 19 has been reviewed by the directors to assess whether future development of that land supports its carrying value in the balance sheet. Where this is not the case appropriate impairments are made.

The Group holds a number of investment properties which are valued on an annual basis.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£000	£000
Construction	168,955	132,900
Property development	40,761	67,073
	209,716	199,973

All turnover arose within the United Kingdom.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Other operating income

	2021 £000	2020 £000
Other operating income	849	209
Net rents receivable	410	420
Government grants receivable	97	2,372
Profit on disposal of tangible assets	-	14
Profit on disposal of fixed asset investments	-	1,524
Revaluation of investment properties	1,258	247
	<u>2,614</u>	<u>4,786</u>

Government grants receivable relates to grants received under the Government's Coronavirus Job Retention Scheme in relation to staff whilst on furlough and who were therefore not performing any services for the Group.

6. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1,145	1,369
Amortisation of intangible assets, including goodwill	-	61
	<u>-</u>	<u>61</u>

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	16	15
The auditing of accounts of associates of the Group pursuant to legislation	3	3
Audit of the company's subsidiaries	74	88
Taxation compliance services	-	38
All other taxation advisory services	-	102
All non audit services not covered above	-	11
	<u>93</u>	<u>257</u>

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £000	<i>Group 2020 £000</i>	Company 2021 £000	<i>Company 2020 £000</i>
Wages and salaries	30,649	31,584	2,890	2,731
Social security costs	3,237	3,140	356	267
Cost of defined contribution scheme	1,455	1,378	88	44
	35,341	<i>36,102</i>	3,334	<i>3,042</i>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	<i>Group 2020 No.</i>	Company 2021 No.	<i>Company 2020 No.</i>
Construction and installation	216	257	-	-
Sales and distribution	11	13	-	-
Technical and administration	391	393	13	14
	618	<i>663</i>	13	<i>14</i>

9. Directors' remuneration

	2021 £000	<i>2020 £000</i>
Directors' emoluments	2,793	2,776
Group contributions to defined contribution pension schemes	74	9
	2,867	<i>2,785</i>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £649 thousand (2020 - £346 thousand).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £8,000 (2020 - £8,000).

The total cost to the Group of key management personnel was £3,254,000 (2020: £3,010,000).

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest receivable and similar income

	2021 £000	2020 £000
Interest received from joint ventures	30	139
Other interest receivable	254	221
	284	360

11. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	-	86
Other loan interest payable	-	19
Share of joint ventures	290	394
Finance leases and hire purchase contracts	1	1
Other interest payable	-	3
	291	503

12. Other finance costs

	2021 £000	2020 £000
Interest income on pension scheme assets	112	159
Net interest on net defined benefit liability	(140)	(200)
	(28)	(41)

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	1,301	1,055
Adjustments in respect of previous periods	(8)	(14)
Joint venture taxation	143	22
	1,436	1,063
Total current tax	1,436	1,063
Deferred tax		
Current year	(94)	97
Adjustment in respect of prior periods	(42)	(11)
Total deferred tax	(136)	86
Taxation on profit on ordinary activities	1,300	1,149

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	8,552	7,019
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	1,625	1,334
Effects of:		
Expenses not deductible for tax purposes	16	18
Capital allowances for year in excess of depreciation	15	33
Adjustments to tax charge in respect of prior periods	(51)	(25)
Other timing differences	2	(12)
Non-taxable income	(84)	(139)
Adjustment for change in tax rates	(223)	(60)
Total tax charge for the year	1,300	1,149

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Taxation (continued)

Factors that may affect future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. The deferred tax assets and liabilities reflect the rate that is expected to apply upon crystallisation.

14. Dividends

	2021 £000	2020 £000
Dividend on ordinary shares of £1,839.34 (2020: £nil) per share	1,350	-
Dividend on preference shares of 0.01p (2020: £nil) per share	-	-
	<u>1,350</u>	<u>-</u>

15. Intangible assets

Group

	Goodwill £000
Cost	
At 1 January 2021	<u>363</u>
At 31 December 2021	<u>363</u>
Amortisation	
At 1 January 2021	<u>363</u>
At 31 December 2021	<u>363</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

Amortisation of intangible fixed assets is included in administrative expenses.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 January 2021	6,249	344	5,015	2,601	14,209
Additions	4	133	608	60	805
Disposals	(200)	-	(980)	(370)	(1,550)
Transfers between classes	(495)	-	-	-	(495)
At 31 December 2021	<u>5,558</u>	<u>477</u>	<u>4,643</u>	<u>2,291</u>	<u>12,969</u>
Depreciation					
At 1 January 2021	1,116	215	3,280	2,338	6,949
Charge for the year on owned assets	145	83	801	103	1,132
Charge for the year on financed assets	-	-	13	-	13
Disposals	(192)	-	(842)	(344)	(1,378)
Transfers between classes	(61)	-	-	-	(61)
At 31 December 2021	<u>1,008</u>	<u>298</u>	<u>3,252</u>	<u>2,097</u>	<u>6,655</u>
Net book value					
At 31 December 2021	<u>4,550</u>	<u>179</u>	<u>1,391</u>	<u>194</u>	<u>6,314</u>
At 31 December 2020	<u>5,133</u>	<u>129</u>	<u>1,735</u>	<u>263</u>	<u>7,260</u>

Tangible fixed assets with a carrying value of £2,022,000 (2020: £3,223,000) are pledged as security for the group's bank loans and facilities.

Motor vehicles with a carrying value of £16,000 (2020: £31,000) are held under finance leases.

Subsequent to the group reconstruction a freehold property has been reclassified as an investment property.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Fixed asset investments

Group

	Other fixed asset investments £000	Investment in joint ventures £000	Total £000
Cost or valuation			
At 1 January 2021	209	368	577
Disposals	(14)	(592)	(606)
Share of profit/(loss)	-	1,389	1,389
At 31 December 2021	<u>195</u>	<u>1,165</u>	<u>1,360</u>

The group's interest in Malsis Homes Limited and SD Egerton Limited were transferred out of the group along with Seddon Residential Holdings Limited as part of the group re-organisation on 29 October 2021.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	88
Additions	250
At 31 December 2021	<u>338</u>

As part of the group reconstruction, a number of subsidiaries were transferred to become direct subsidiaries of Seddon Group Limited.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Seddon Construction Limited	Building, refurbishment, maintenance and painting	Ordinary	100%
Seddon Developments Limited	Commercial and industrial developments	Ordinary	100%
Seddon RDP Holdings Limited	Intermediate holding company	Ordinary	100%
Seddon JV Limited	Intermediate holding company	Ordinary	100%
Circle North West Limited	Operation of waste recycling centre	Ordinary	100%
Circle Recycling Limited	Operation of waste recycling centre	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
G & J Seddon Limited	Building, refurbishment, maintenance and painting	Ordinary	100%
J & S Seddon (Building) Limited	Building and maintenance	Ordinary	100%
S P Smith Electrical Contractors Limited	Dormant	Ordinary	100%
SD River Limited	Commercial and industrial developments	Ordinary	100%
Property Financing NW Limited	Funding for commercial developments	Ordinary	100%
Seddon Grasscroft (Foxdenton) Limited	Commercial and industrial developments	Ordinary	100%
Seddon Care Partnerships Limited	Healthcare developments	Ordinary	100%
SD Hooton Limited	Healthcare developments	Ordinary	100%
G & J Projects Limited	Healthcare developments	Ordinary	100%
Seddon RDP Limited	Residential developments	Ordinary	100%
id4living Limited	Residential developments	Ordinary	100%

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Fixed asset investments (continued)**Joint ventures**

The following were joint ventures of the Company:

Name	Principal activity	Holding
H & S Joinery Limited	Joinery manufacturer	50%
Foxdenton LLP	Commercial and residential developments	50%
FO Developments LLP	Commercial and residential developments	32%
CRDP Developments LLP	Residential developments	50%
SD Prime Point Limited	Commercial and industrial developments	50%
Junction 34 Limited	Commercial and industrial developments	50%
Malsis Hall Limited	Healthcare developments	20%

18. Investment property**Group**

	Freehold investment property £000
Valuation	
At 1 January 2021	6,260
Additions at cost	8
Surplus on revaluation	1,258
Transfers between classes	434
At 31 December 2021	7,960

The 2021 valuations were made by a combination of an independent external valuer together with Mr J C B Seddon, a director of the company, and Mr N C Macdougall, a director of a subsidiary company, on an open market value for existing use basis.

Investment properties with a carrying value of £7,960,000 (2020: £6,260,000) are pledged as security for the group's bank facilities.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Investment property (continued)

Company

	Freehold investment property £000
Valuation	
At 1 January 2021	11,199
Additions at cost	8
Surplus on revaluation	1,061
At 31 December 2021	12,268

The 2021 valuations were made by a combination of an independent external valuer together with Mr J C B Seddon, a director of the company, and Mr N C Macdougall, a director of a subsidiary company, on an open market value for existing use basis.

19. Stocks

	Group 2021 £000	Group 2020 £000
Raw materials and consumables	299	259
Commercial developments	1,386	40
Residential developments	133	43,799
	1,818	44,098

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £35,513,000 (2020: £51,860,000).

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Due after more than one year				
Other debtors	-	435	-	-
	-	435	-	-
Due within one year				
Trade debtors	1,230	2,010	146	87
Amounts owed by group undertakings	-	-	9,101	39,572
Amounts owed by joint ventures and associated undertakings	11,781	11,722	94	270
Other debtors	29,237	2,654	25,384	1,084
Prepayments and accrued income	1,247	1,364	46	41
Amounts recoverable on long-term contracts	14,386	15,322	-	-
Deferred taxation	683	780	-	221
	58,564	34,287	34,771	41,275

Amounts owed by group undertakings are unsecured, bear interest at rates from 0% to base + 1.0%, have no fixed date of repayment and are repayable on demand.

Amounts owed by joint ventures and associated undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is receivable at rates from 0% to 7.5% per annum.

Other debtors includes loans to related parties of £23,433,000 (2020: £1,577,000). This includes a loan to Seddon Real Estate Limited of £23,016,000 (2020: £nil) which was established as part of the group re-organisation. Interest is receivable at rates from 0% to 5% per annum.

21. Deferred taxation

Group

	2021 £000
At beginning of year	780
Charged to profit or loss	137
Credited to other comprehensive income	(205)
Arising on group re-organisation	(29)
At end of year	683

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Deferred taxation (continued)

Company

	2021 £000
At beginning of year	221
Charged to profit or loss	(31)
Credited to other comprehensive income	(205)
At end of year	(15)

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Accelerated capital allowances	182	175	(46)	(34)
Tax losses carried forward	16	24	-	-
Timing differences	859	685	859	682
Capital gains	(374)	(104)	(828)	(427)
	683	780	(15)	221

22. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank and in hand	15,932	33,048	11,932	11,243
	15,932	33,048	11,932	11,243

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Creditors: Amounts falling due within one year

	Group 2021 £000	<i>Group 2020 £000</i>	Company 2021 £000	<i>Company 2020 £000</i>
Bank loans	-	60	-	-
Trade creditors	1,679	9,036	44	67
Amounts owed to group undertakings	-	-	39,588	45,132
Corporation tax	2	225	-	-
Other taxation and social security	4,012	3,498	351	469
Obligations under finance lease and hire purchase contracts	28	13	-	-
Other creditors	1,773	2,284	448	401
Accruals and deferred income	30,293	36,225	3,453	2,284
	37,787	<i>51,341</i>	43,884	<i>48,353</i>

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

Finance leases and hire purchase contracts are secured over the assets to which they relate.

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

	Group 2021 £000	<i>Group 2020 £000</i>
Bank loans	-	15
Net obligations under finance leases and hire purchase contracts	12	8
	12	<i>23</i>

Finance leases and hire purchase contracts are secured over the assets to which they relate.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Loans

Loans repayable, included within creditors, are analysed as follows:

	Group 2021 £000	Group 2020 £000
Amounts falling due within one year		
Bank loans	-	60
	<hr/>	<hr/>
	-	60
Amounts falling due 1-2 years		
Bank loans	-	15
	<hr/>	<hr/>
	-	15
Amounts falling due 2-5 years		
	<hr/>	<hr/>
	-	75
	<hr/>	<hr/>

The group overdraft facility is secured by fixed and floating charges over certain group assets with a net book value of £9,982,000 (2020: £22,369,000). Interest is payable on the overdraft at 2.05% over base.

26. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £000	Group 2020 £000
Within one year	28	13
Between 1-5 years	12	8
	<hr/>	<hr/>
	40	21
	<hr/>	<hr/>

The hire purchase contracts relate to the funding of certain commercial vehicles. Interest is payable at a rate of 5.5% per annum and there is an option to purchase at the end of the contract for a nominal sum.

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

27. Provisions

Group

	Joint venture provision £000
At 1 January 2021	1,403
Charged to profit or loss	(463)
At 31 December 2021	940

The joint venture provision represents the sum total of the group's share of joint ventures in a net liability position.

28. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
73,396 (2020 - 73,396) Ordinary shares of £1.00 each	73,396	73,396
337,500 (2020 - 225,000) Preference shares of £0.01 each	3,375	2,250
36,699 (2020 - nil) Ordinary B shares of £1.00 each	36,699	-
	113,470	75,646

The preference shares are irredeemable shares which carry an entitlement to a non-cumulative dividend at the rate of 1.0% per annum. Holders of preference shares are entitled to exercise one vote per share at general meetings of the company. The ordinary shares carry no voting rights.

In accordance with FRS 102 the preference shares have been classified as equity instruments on the basis that these shares are non-redeemable shares and the distributions to the holders are at the discretion of the company.

On 29 October the company issued 36,699 Ordinary B shares and 112,500 preference shares to its shareholders by way of a bonus issue. This was part of a group re-organisation.

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

29. Reserves

Capital redemption reserve

Includes the amounts paid to redeem shares in current and prior periods.

Merger Reserve

Reflects the difference between the fair value of the assets acquired and the nominal value of the shares issued when the group was created subsequent to the 2013 restructuring and de-merger of Seddon Group Limited.

Profit and loss account

Includes all current and prior period retained profits and losses.

30. Discontinued operations

On 29 October 2021, the group completed a group re-organisation. The shareholders incorporated a new company, Seddon Real Estate Limited, which then issued further shares in exchange for Ordinary B shares in Seddon Group Limited. Seddon Group Limited then transferred its ownership of Seddon Residential Holdings Limited to Seddon Real Estate Limited by way of a dividend in specie.

	£000
Net assets disposed of:	
Tangible fixed assets	640
Stocks	55,482
Debtors	2,486
Cash	3,795
Creditors	(37,575)
	<hr/>
	(24,828)
Consolidated impact of dividend in specie	<hr/> (24,828) <hr/>

The net outflow of cash in respect of the transfer of Seddon Residential Holdings Limited by way of a dividend in specie is as follows:

	£000
Cash transferred on disposal	3,795
Net outflow of cash	<hr/> 3,795 <hr/>

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

31. Contingent liabilities

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other arrangements, including joint arrangements and joint ventures, entered into in the normal course of business.

32. Pension commitments

The Group operates a Defined Benefit pension scheme.

The scheme is closed to new members and future accrual. It is funded by the payment of contributions to separately administered trust funds.

Seddon Group Limited is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the scheme in its individual financial statements.

The valuation used has been based on the most recent actuarial valuation at 30 June 2020 and was updated by Quantum Advisory LLP to take account of the requirements of FRS 102 in order to assess the liabilities of the schemes at 31 December 2021 and 31 December 2020. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	11,949	11,456
Interest cost	140	200
Actuarial gains/losses	(588)	940
Benefits paid	(543)	(647)
At the end of the year	10,958	11,949

Composition of plan liabilities:

	2021 £000	2020 £000
Pension commitments	10,958	11,949
Total plan liabilities	10,958	11,949

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

32. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021	2020
	£000	£000
At the beginning of the year	9,409	8,948
Interest income	112	159
Actuarial gains/losses	233	529
Contributions	450	420
Benefits paid	(543)	(647)
At the end of the year	9,661	9,409

Composition of plan assets:

	2021	2020
	£000	£000
Diversified growth / absolute return	4,139	3,866
Liability driven investment	1,358	1,735
Alternatives	2,298	1,994
Cash	1,866	1,814
Total plan assets	9,661	9,409

	2021	2020
	£000	£000
Fair value of plan assets	9,661	9,409
Present value of plan liabilities	(10,958)	(11,949)
Net pension scheme liability	(1,297)	(2,540)

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Interest on obligation	(140)	(200)
Interest income on plan assets	112	159
Total	(28)	(41)

SEDDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

32. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £2,120,000 (2020 - £2,941,000).

The Group expects to contribute £450,000 to its Defined Benefit pension scheme in 2022.

The total amount recognised in the income statement as an expense was £28,000 (2020: £41,000).

The total amount recognised in the statement of comprehensive income as a gain was £616,000 (2019: loss of £333,000).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.80	1.20
Future salary increases	3.50	2.90
Future pension increases	2.70	2.10
Proportion of employees opting for early retirement	2.20	1.90
	S3PxA CMI 2020 1% pa LTR +1 age rating	S3PxA CMI 2019 1% pa LTR +1 age rating
Inflation assumption		
Mortality rates		
- for a male aged 65 now	20.9	20.9
- at 65 for a male aged 45 now	21.9	21.9
- for a female aged 65 now	23.2	23.2
- at 65 for a female member aged 45 now	24.4	24.3

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Defined benefit obligation	(10,958)	(11,949)	(11,456)	(10,348)	(11,073)
Scheme assets	9,661	9,409	8,948	8,098	8,561
Surplus	(1,297)	(2,540)	(2,508)	(2,250)	(2,512)

SEDDON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

33. Related party transactions

Transactions between the Group and its related parties are disclosed below:

	2021 £000	2020 £000
Joint ventures		
Sales of goods and services in year	7,737	8,543
Purchases of goods and services in year	740	589
Amounts due from associates and joint ventures	11,781	11,722
Entities under common control or with common directors		
Sales of goods and services in the year	987	-
Purchases of goods and services in the year	1	-
Due from related parties at year end	23,434	-

The key management personnel of the group and the company are considered to be the directors of the company. Their total remuneration is disclosed in note 9.

As the ultimate parent company, Seddon Group Limited is exempt from the requirements of FRS 102 to disclose transactions with wholly owned subsidiaries.