

Ardmore Group Limited

Annual Report and Financial Statements

Year Ended

30 September 2019

Company Number 10379475

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Ardmore Group Limited

Company Information

Directors	C J Byrne P J Byrne
Registered number	10379475
Registered office	6 Wharf Studios 28 Wharf Road London N1 7GR
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Royal Bank of Scotland (Principal Banker) 63-65 Piccadilly London N1 7GR Lloyds Bank Plc 1 Silver Street Enfield EN1 3EE Handelsbanken Nicholas House River Front Enfield EN1 3TF

Ardmore Group Limited

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Ardmore Group Limited

Group Strategic Report For the Year Ended 30 September 2019

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2019.

Principal activities

The Ardmore Group's principal activity is that of a main contractor for the construction of residential and commercial developments in the UK.

Nature of the business

In addition to the main construction operations, the group includes a manufacturing operation, as well as a mixed investment property portfolio.

The main contracting side of the Group, Ardmore Construction Ltd, has a geographic focus of London and the South East, with developments ranging from high end luxury apartments, hotel refurbishments, to mixed residential schemes for private housebuilders and housing associations.

The manufacturing arm, Paddington Construction Ltd, supplies bespoke joinery, architectural steel and stonemasonry products. The sole consumer of these products is Ardmore Construction.

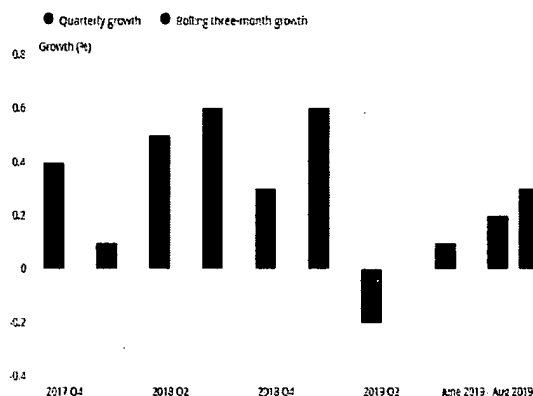
The subsidiary property group holds a portfolio of residential and light industrial properties that are occupied by the Group as well as third parties.

Business review

The UK economy macro-economic data over the past 12 months has been weak with an unconvincing GDP growth rate of c.0.3% pa. The growth for the construction sector largely mirrored that of the UK economy with a c.0.4% pa growth rate in the same period.

Figure 1: GDP grew in Quarter 3 (July to Sept) 2019 after contracting in Quarter 2 (Apr to June) 2019

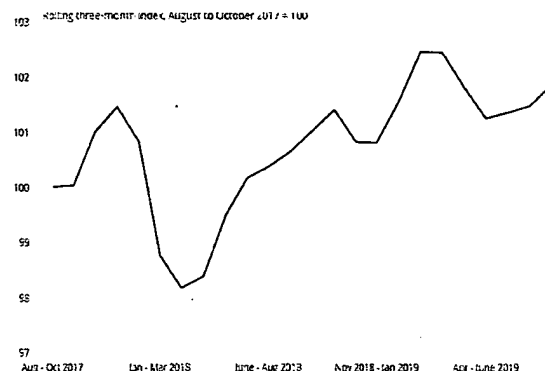
UK GDP growth, Quarter 4 (Oct to Dec) 2017 to Quarter 3 (July to Sept) 2019



Source: Office for National Statistics - GDP monthly estimate

Figure 5: The construction sector grew for the third consecutive rolling three month period following a weak three-months to June 2019

Rolling three-month index, August to October 2019 until July to September 2019, August to October 2017 = 100



Source: Office for National Statistics - GDP monthly estimate

Looking behind the growth rate for the construction sector, infrastructure has been the strongest aspect while private residential the weakest. Whereas the former does not impact the Group, the latter is a key market. It is against this backdrop that the performance of the Group can, and is, considered by the Board as a real success, demonstrating its ability to navigate through challenging market conditions.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2019

Performance

The turnover in the year of £211.0m is significantly down on the 2018 figure of £257.9m. The late commencement on two key projects has pushed work forecasted for this financial year into 2020. Starts on other projects have also been pushed into 2020 which further reduced the reported turnover. The feedback received from decision makers in the sector have been mixed, but invariably they include the UK negotiating its exit from the EU. The resulting uncertainty is understandable and explains withholding any decisions on major capital spend.

Despite the weakness of the residential market, the Group has enjoyed some successes. Most notable of these is the award of a scheme to convert a landmark site in Central London into a high-end hotel and residential apartments. This award reaffirms Ardmore's position as a clear leader in the high-end hotel space and adds to its longstanding reputation of being a reliable contractor for residential developments.

During the year the Group completed several projects; although the profitability of one of these was considered a risk at the end of 2018, the Board are pleased they all eventually contributed to the gross profit. Set against this was the need to make additional provisions of remedial work on old projects.

In response to the difficult trading conditions, the Group reviewed the cost of administering the activities of the Group and reducing administrative expenses from £21.9m down to £20.9m. But for the sizable increases in the cost of Professional Indemnity Insurance cover post Grenfell, the good work done would have been more evident.

Once again, the Board considered the fair value of the properties owned by Ardmore Contracting (Ireland) Ltd and Stylo Estates Ltd that underpinned balances due from these related party. The circumstances surrounding the potential to develop the property in Ireland deteriorated further in the past 12 months. The rejection of planning proposals limits the potential of development. The values of the properties are now considered to be materially less than they were in 2018. Consequently, the recoverability of the outstanding balances has been impaired, and the Board have made a further provision of £1.4m (2018 - £Nil) to reflect the position.

As modest as the reported turnover might have been in the year, the Board is very pleased to see the Group report another profitable year. The profit before tax of £11.1m (2018 - £25.1m) for the year which, although down on 2018, is a great result given the difficult market conditions. These impressive results have been achieved through the relentless dedication of the site teams and careful stewardship of management; a real team performance.

Cash and working capital

With its operating activities all contributing, the Group's cash position remains strong despite reporting a reduced cash balance when compared to 2018. The repayment of bank loans, investment in commercial facilities and loans and payment of an interim dividend account for the reduction from £73.0m in 2018 to the £59.9m.

The defect liability period of projects completed in 2017/18 are expected to end in 2020 when the final tranche of retention will be due. Given the higher levels of trading activity in 2017/18 than 2019 these receivables have been reclassified as debtors due within one year and explain the significant change.

Overall, the Group's working capital management remains good; with all group companies' credit and payment scores throughout the year being maintained. All members of the Group continue to demonstrate their commitment to following good payment practices as part of its working capital management.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2019

Net assets and reserves

The net assets of the Group at the balance sheet date has improved by a respectable 9% from £42.9m to £46.3m.

The market value of the Group's residential property portfolio fell by c£479k but this was offset by the increases in the value of the commercial portfolio of £521k. The Freehold property continues to provide the Group with a debt free asset base.

The overall positive trading performance of the Group sees the consolidated profit and loss reserves end the year at a healthy £29.2m.

Outlook

The outlook for the UK economy remains flat, according to the Purchasing Managers Index, largely propped up by the service sectors. The same source reports the sharpest decline in new orders for construction, suggesting the sector faces more challenges in the coming year. The business community hopes the impending UK general election will produce a result that could help remove the political impasse surrounding Brexit and, with it, some of the economic uncertainty. A definitive result should help the situation, but with significant trade negotiations to follow and with the global economies slowing, challenges will remain.

For the Group, the successes in the last quarter of the financial year to September 2019 see 100% of its 2020 turnover secured. Subject to any unforeseen circumstances, this is expected to be £400m+. The orderbook, together with some key pipeline projects, provide an encouraging outlook for 2021 as well.

The Board therefore remains optimistic the Group's reputation within its core markets, and its commitment to meeting the customers expectations, will enable it to build on the successes of the past five years.

People and awards

The emphasis on the past 12 months has been on staff retention, improving the benefits structure for employees, making efficiencies in training and development, and increasing the company's status in the sector.

The HR department have continued to develop the library of HR policies and processes, and are continuously reviewing these to ensure they remain up to date and relevant to the business. Both maternity and paternity policies were enhanced as part of the aim to help provide a good level of work-life balance for staff, and to ensure Ardmore are able to retain valuable people returning from parental leave.

The annual pay review process in March completed within budget, whilst ensuring increases were directed to those adding the most value to the business.

In terms of training & development, the resources have been directed at delivering People Skills Briefings and CPDs such as construction law, insurance, commercial reporting, amongst others. The business carried out people asset meetings following the Performance & Development Review process which in turn will lead to the continuation of succession planning and help establish the training and development programme for 2020.

A number of new recognition awards were introduced internally, including Apprentice of the Year Award, and Ardmore was shortlisted to the final six of the Working Mums Family Support Award.

Overall, staff numbers have decreased (in line with the reduction of Turnover), but crucially the percentage of staff turnover has reduced following a number of successful initiatives led by HR.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2019

People and awards (continued)

The focus for the coming year will be to continue to make Ardmore an employer of choice to attract and retain the best people. The company will be looking to develop a leadership programme which will add value to the business and develop senior managers to reach their full potential. The company will also be assessing the suitability of becoming Investors in People Accredited.

In line with our 'Respect for People' policy, the company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company.

Health and safety


Health and safety is a priority for Ardmore. The company has a target of zero reportable injuries which it has resourced by increasing its safety staff by 50% to a total of 19. In the last year, the company accident frequency rate was 0.12 reportable injuries per 100,000 hours worked. This represents five injuries, none fatal or life changing, for a workforce that averaged 1900 and worked more than four million person hours.

During the year 440 persons were provided with accredited health and safety training covering management and legislation, first aid, plant operator, and individual safety related skills. All operatives received weekly tool box talks and daily safe start briefings.

Ardmore is a Partner member of the Considerate Constructors scheme. Last year our sites won a gold and two bronze awards, placing Ardmore as one of the top ten construction companies in the scheme. Considerate Constructors assesses health and safety, site appearance, care for the environment, community engagement, and care for the workforce.

Ardmore won a respected ROSPA gold award for its health and safety procedures and practice, and transitioned its existing BS OHSAS 18001 to the new ISO 45001:2018 Occupational Health and Safety Management Systems standard. ISO 9001 for quality and ISO 14001 for environment were also maintained.

This report was approved by the board on 17 December 2019 and signed on its behalf.



P J Byrne
Director

Ardmore Group Limited

Directors' Report For the Year Ended 30 September 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Principal activities, review of business and future developments

The Ardmore Group's principal activity is that of a main contractor for the construction of residential and commercial developments in the UK.

See page 1 for the strategic report which covers the business update, including a business review, outlook, awards and people.

Results and dividends

The profit for the year, after taxation, amounted to £8,204,565 (2018 - £19,786,163).

The directors approved an interim dividend of £2.509 (2018 - £9.477) per ordinary A share and £3,333.33 (2018 - £17,222.22) per ordinary B share for the year ended 30 September 2018. Final dividends of £8.362 (2018 - £12.543) per ordinary A share and £4,444.44 (2018 - £25,000.00) were also approved in the year.

Principal risks and uncertainties

The group continues to operate within specific policies, agreed by the board, to control and monitor risks within the group. The primary areas of risk are as follows:

Credit risk

The group's financial assets include contract debtors and other receivables. All new clients are referenced with reputable credit reporting agencies. Across the group contract debtors are regularly reviewed whereby any variance from agreed terms is immediately reported.

Liquidity risk

The group maintains appropriate funding levels relative to the level of current and future requirements arising from the group's strategy. Cash flow forecasts are prepared and are closely monitored. Having performed detailed analysis, we consider the degree of headroom within our current facilities to be adequate.

Market risk

The group is aware of the risks inherent in the current market place which stem from wider economic issues facing the global economy. As such we continue to monitor closely our secured order books and prepare twelve month flexed forecasts focusing on the implications for liquidity and profitability. These are closely monitored by the board with remedial action taken as and when required.

Operational risk

The group recognises the risks involved in the various stages of project completion. Budgets are prepared for all projects prior to commencement, with detailed planning performed in advance to support the operations on site. All projects are closely monitored via monthly Cost Valuation Reporting mechanisms with action taken where any variations are identified.

Ardmore Group Limited

Directors' Report (continued) For the Year Ended 30 September 2019

Going concern

The Directors have reviewed the cash flow projections for the company and group in light of the current economic conditions and have considered the financial resources of the company and group, having regard to additional resources available to related undertakings to support the related party indebtedness. Accordingly, the Directors have a reasonable expectation that the group has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Post statement of financial position events

No material events have arisen since the reporting date which require disclosure.

Directors

The directors who served during the year and to the date of this report were:

C J Byrne
P J Byrne

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Ardmore Group Limited

Directors' Report (continued) For the Year Ended 30 September 2019

Disclosure of information to auditor

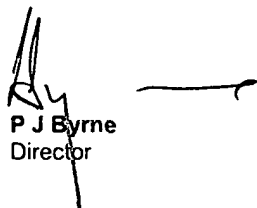
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 December 2019 and signed on its behalf.



P J Byrne
Director

Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited

Opinion

We have audited the financial statements of Ardmore Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and 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.

Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

17 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ardmore Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 September 2019

	Note	2019 £	2018 £
Turnover	4	211,024,445	257,871,593
Cost of sales		(177,722,227)	(210,848,239)
Gross profit		33,302,218	47,023,354
Administrative expenses		(20,881,695)	(21,867,510)
Exceptional administrative expenses	5	(1,460,760)	(1,178,011)
(Loss)/profit on disposal of investment property and fixed assets	5	(34,821)	180,660
Other operating income		174,316	207,268
Fair value movement on revaluation of investment property		(396,362)	272,220
Operating profit	6	10,702,896	24,637,981
Interest receivable and similar income	9	480,087	437,907
Interest payable and expenses	10	(43,377)	(24,637)
Profit before taxation		11,139,606	25,051,251
Tax on profit	11	(2,935,041)	(5,265,088)
Profit for the financial year		8,204,565	19,786,163
Unrealised surplus on revaluation of tangible fixed assets		438,376	901,966
Other comprehensive income for the year		438,376	901,966
Total comprehensive income for the year		8,642,941	20,688,129
Profit for the year attributable to:			
Owners of the parent company		8,204,565	19,786,163
Total comprehensive income for the year attributable to:			
Owners of the parent company		8,642,941	20,688,129

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Registered number: 10379475

Consolidated Statement of Financial Position As at 30 September 2019


	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets			2,852		3,707
Tangible assets	13		25,318,946		25,425,457
Investment property	14		18,644,248		19,040,610
Investments	15		1		1
			<u>43,966,047</u>		<u>44,469,775</u>
Current assets					
Stocks	16	4,975,448		4,782,207	
Debtors: amounts falling due after more than one year	17	19,332,024		29,186,696	
Debtors: amounts falling due within one year	17	50,074,426		39,319,648	
Current asset investments	18	10,000,000		-	
Cash at bank and in hand	19	60,465,467		73,036,456	
			<u>144,847,365</u>	<u>146,325,007</u>	
Current liabilities					
Creditors: amounts falling due within one year	20	(122,070,336)		(129,114,711)	
			<u>22,777,029</u>		<u>17,210,296</u>
Net current assets					
			<u>66,743,076</u>		<u>61,680,071</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	21		(4,159,986)		(5,034,947)
Provisions for liabilities					
Deferred taxation	24	(1,743,061)		(1,603,236)	
Other provisions	25	(14,548,200)		(12,093,000)	
			<u>(16,291,261)</u>		<u>(13,696,236)</u>
Net assets			<u><u>46,291,829</u></u>		<u><u>42,948,888</u></u>

Ardmore Group Limited
Registered number: 10379475

Consolidated Statement of Financial Position (continued)
As at 30 September 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	26	358,956	358,956
Share premium account	27	11,520	11,520
Revaluation reserve	27	13,074,436	13,032,422
Merger reserve	27	3,053,437	3,053,437
Profit and loss account	27	29,793,480	26,492,553
Equity attributable to owners of the parent company		<u>46,291,829</u>	<u>42,948,888</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2019.


P J Byrne
Director

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

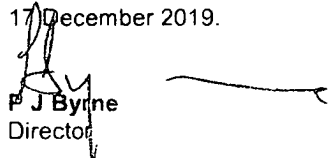
Registered number: 10379475

**Company Statement of Financial Position
As at 30 September 2019**

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	15		534,522		534,422
Current assets					
Debtors: amounts falling due after more than one year	17	3,000,000	-		
Debtors: amounts falling due within one year	17	23,356,546	10,666,483		
Current asset investments	18	10,000,000	-		
Cash at bank and in hand	19	36,229,615	48,589,754		
Current liabilities		72,586,161	59,256,237		
Creditors: amounts falling due within one year	20	(54,425,932)	(45,964,373)		
Net current assets			18,160,229		13,291,864
Total assets less current liabilities			18,694,751		13,826,286
Provisions for liabilities					
Deferred taxation	24		(37,024)		-
Net assets			18,657,727		13,826,286
Capital and reserves					
Called up share capital	26		358,956		358,956
Share premium account	27		11,520		11,520
Profit and loss account			18,287,251		13,455,810
			18,657,727		13,826,286

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £10,131,441 (2018 - £15,587,716).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2019.


P J Byrne
Director

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2019

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2018	358,956	11,520	13,032,422	3,053,437	26,492,553	42,948,888
Comprehensive income for the year						
Profit for the year	-	-	-	-	8,204,565	8,204,565
Unrealised surplus on revaluation of tangible fixed assets	-	-	438,376	-	-	438,376
Total comprehensive income for the year	-	-	438,376	-	8,204,565	8,642,941
Dividends (see note 12)	-	-	-	-	(5,300,000)	(5,300,000)
Loss from the changes in fair value of investment property	-	-	(396,362)	-	396,362	-
Total transactions with owners	-	-	(396,362)	-	(4,903,638)	(5,300,000)
At 30 September 2019	358,956	11,520	13,074,436	3,053,437	29,793,480	46,291,829

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2018

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2017	358,956	11,520	11,858,236	3,053,437	22,478,610	37,760,759
Comprehensive income for the year						
Profit for the year	-	-	-	-	19,786,163	19,786,163
Unrealised surplus on revaluation of tangible fixed assets	-	-	901,966	-	-	901,966
Total comprehensive income for the year	-	-	901,966	-	19,786,163	20,688,129
Dividends (see note 12)	-	-	-	-	(15,500,000)	(15,500,000)
Gain from changes in fair value	-	-	272,220	-	(272,220)	-
Total transactions with owners	-	-	272,220	-	(15,772,220)	(15,500,000)
At 30 September 2018	358,956	11,520	13,032,422	3,053,437	26,492,553	42,948,888

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Company Statement of Changes in Equity For the Year Ended 30 September 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2018	358,956	11,520	13,455,810	13,826,286
Comprehensive income for the year				
Profit for the year	-	-	10,131,441	10,131,441
Total comprehensive income for the year	-	-	10,131,441	10,131,441
Contributions by and distributions to owners				
Dividends	-	-	(5,300,000)	(5,300,000)
Total transactions with owners	-	-	(5,300,000)	(5,300,000)
At 30 September 2019	358,956	11,520	18,287,251	18,657,727

Company Statement of Changes in Equity For the Year Ended 30 September 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 16 September 2017	358,956	11,520	13,368,094	13,738,570
Comprehensive income for the year				
Profit for the year	-	-	15,587,716	15,587,716
Total comprehensive income for the year	-	-	15,587,716	15,587,716
Contributions by and distributions to owners				
Dividends	-	-	(15,500,000)	(15,500,000)
Total transactions with owners	-	-	(15,500,000)	(15,500,000)
At 30 September 2018	358,956	11,520	13,455,810	13,826,286

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Cash Flows For the Year Ended 30 September 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	8,204,565	19,786,163
Adjustments for:		
Amortisation of intangible assets	855	-
Depreciation of tangible assets	599,361	650,586
Loss on disposal of tangible assets	34,821	287,024
Interest paid	43,377	24,637
Interest received	(480,087)	(437,907)
Taxation charge	2,935,041	5,265,088
(Increase)/decrease in stocks	(193,241)	829,321
Decrease/(increase) in debtors	2,099,894	(10,623,520)
Decrease in creditors	(679,501)	(30,921,253)
Increase in provisions	2,455,200	10,846,000
Net fair value losses/(gains) recognised in P&L	396,362	(272,220)
Corporation tax paid	(3,593,738)	(4,636,653)
Exceptional item	-	1,135,648
Net cash generated from operating activities	11,822,909	(8,067,086)
Cash flows from investing activities		
Purchase of tangible fixed assets	(231,051)	(386,472)
Sale of tangible fixed assets	141,756	-
Purchase of investment property	-	(196,285)
Issue of loan note	(3,000,000)	-
Current asset investments	(10,000,000)	-
Interest received	480,087	437,907
HP interest paid	(565)	(2,070)
Other interest paid	(42,812)	(22,570)
Net cash from investing activities	(12,652,585)	(169,490)

Ardmore Group Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 30 September 2019

	2019 £	2018 £
Cash flows from financing activities		
Repayment of loans	(1,034,385)	(96,711)
Repayment of finance leases	-	(30,684)
Dividends paid	(10,500,000)	(15,500,000)
Net cash used in financing activities	(11,534,385)	(15,627,395)
Net (decrease) in cash and cash equivalents	(12,364,061)	(23,863,971)
Cash and cash equivalents at beginning of year	72,632,206	96,496,177
Cash and cash equivalents at the end of year	60,268,145	72,632,206
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	60,465,467	73,036,456
Bank overdrafts	(197,322)	(404,250)
	60,268,145	72,632,206

The notes on pages 20 to 44 form part of these financial statements.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

1. General information

Ardmore Group Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

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 judgement in applying the group accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

2.3 Merger accounting

Where merger accounting is used, the investment is recorded in the company's Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the company as consideration as if they had always been in issue. Any differences between the nominal value of the shares acquired by the company and those issued by the company to acquire them are taken to reserves.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.4 Turnover

Turnover represents consideration receivable net of VAT and discounts on the following group activities:

Construction contracts

Construction contracts turnover represents revenue received from construction work carried out in the year and includes an appropriate proportion of revenue receivable from construction contracts which are recognised by reference to the stage of completion of the contract at the Statement of Financial Position date as measured by the company's surveyors in liaison with third parties.

Variations in contract work and claims are included in the assessment of a contract position to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Sale of goods and buildings services

Goods and services turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Sale of development property

Turnover from the sale of development properties is recognised at the point the sale is legally complete or binding on the company.

Investment property rental income

Rental income is recognised at the end of the month in which it relates to.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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. Properties are included under the revaluation model, see note 2.6.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Freehold property	- over 50 years straight line
Plant and machinery	- 15% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 15% reducing balance
Leasehold improvements	- 7 years straight line

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Investment property

Investment property is carried at fair value determined annually with reference to external valuations and internal experts 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 Statement of Comprehensive Income.

Investment property held in individual entity financial statement as investment property in which the asset is used by other group companies are presented as freehold property on consolidation to reflect the usage by the group.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Current assets investment

Current asset investments relate to medium term deposits with a minimum fixed term of 90 days and investments in bonds and liquid assets. Assets are held at fair value with any movement recognised in the income statement.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

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 is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income Statement.

Cost of stock properties is calculated at the original purchase cost together with other attributable costs of the purchase.

Long term contracts are assessed on a contract by contract basis and are reflected in the income statement by recording turnover and related costs as contract activity progresses.

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress and stock as long term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts. Payments in excess of recorded turnover and long term contract balances are included in creditors as payments received on account on long term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

2.11 Financial instruments

The group 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 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 Income Statement.

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 of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

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.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

2.16 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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.17 Operating leases: the Group as lessor

Rentals income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.18 Pensions

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 payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.22 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.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.23 Current and deferred taxation

The tax expense for the Year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

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

In preparing these financial statements, the directors have made the following judgements:

- Determine the expected future profitability in respect of long term contracts, on a contract by contract basis, to recognise the appropriate stage of completion and profits as the project progresses. The directors employ chartered surveyors who work closely on the projects, together with regular update meetings with the senior finance team, to critically assess the current and expected positions to enable them to make these judgements.
- Determine the recoverability of trade and other debtors, retention balances, related party debtors and amounts recoverable on contracts. The directors and senior finance team monitor the recoverability, cash collection trends and creditworthiness of customers and make or reverse specific provisions where necessary.
- Determine where accruals, provisions or contingent liabilities exist for any remedial works required to completed contracts. The directors and senior management assess all construction contracts on a regular basis alongside the company's surveyors, customer communications and industry developments, and consider if any liability exists. Where a liability is identified, the directors and senior management consider if a probable outflow and reliable estimate exist and record an accrual, provision or contingent liability accordingly.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Investment property and properties included in fixed assets (see notes 13 and 14)

Investment properties and properties included in fixed assets are valued currently by the directors using a yield methodology. This uses estimates of the likely sales proceeds upon disposal of the properties but there is an inevitable degree of judgement included.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

4. Turnover

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

	2019 £	2018 £
Construction contracts	210,262,960	257,163,387
Investment property rental income	761,485	708,206
	<u>211,024,445</u>	<u>257,871,593</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	<u>211,024,445</u>	<u>257,871,593</u>

5. Exceptional items

	2019 £	2018 £
Provision for related party receivable (see note 30)	1,450,000	-
Head office relocation costs	10,760	42,363
Withholding tax expensed	-	1,135,648
(Loss)/profit on disposal of plant and machinery	34,821	(180,660)
	<u>1,495,581</u>	<u>997,351</u>

In the prior year, the group expensed £1,016,000 previous withholding tax paid in relation to interest payments together with £119,648 associated professional fees.

The Group relocated its head office early in the prior year, resulting in one off costs of £42,363 in 2018.

Disposal of plant and machinery in the year generated a loss of £34,821 (2018 - £180,660 profit).

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	599,361	650,586
Fees payable to the group's auditor for the audit of the company's annual financial statements	19,710	18,990
- The audit of the group's subsidiaries pursuant to legislation	146,710	144,310
- Taxation compliance services	47,663	48,200
- Taxation advisory services	8,713	62,900
- Other services	12,514	6,800
Defined contribution pension cost	483,827	360,690
Exceptional items (see note 5)	34,821	997,351
Other operating lease rentals	378,394	306,008

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	23,030,732	20,665,134	2,192,039	2,231,773
Social security costs	2,068,789	1,727,617	200,866	117,545
Cost of defined contribution scheme	483,827	360,690	-	-
	<u>25,583,348</u>	<u>22,753,441</u>	<u>2,392,905</u>	<u>2,349,318</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. Contributions totalling £Nil (2018 - £Nil) were payable to the fund at the reporting date.

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

	2019 No.	2018 No.
Directors	3	3
Production and technical	196	197
Administrative	103	115
	<u>302</u>	<u>315</u>

The company has no employees other than the 2 directors.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>1,251,537</u>	<u>1,495,718</u>

The highest paid director received remuneration of £679,000 (2018 - £690,000). During the year awards were granted under the group's employee benefit trust totalling £572,025 (2018 - £1,380,000) to the directors.

9. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>480,087</u>	<u>437,907</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	26,534	20,941
Loan interest payable	14,216	1,516
Finance leases and hire purchase contracts	565	2,070
Other interest payable	2,062	110
	<u>43,377</u>	<u>24,637</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	2,773,114	5,017,806
Adjustments in respect of previous periods	22,102	(45,214)
Total current tax	<u>2,795,216</u>	<u>4,972,592</u>
Deferred tax		
Origination and reversal of timing differences	<u>139,825</u>	<u>292,496</u>
Taxation on profit on ordinary activities	<u>2,935,041</u>	<u>5,265,088</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	10,958,603	26,649,660
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	1,949,970	5,063,435
Effects of:		
Expenses not deductible for tax purposes	423,700	637,466
Utilisation of tax losses brought forward	(105,100)	(166,610)
Difference on properties revaluation tax base	-	68,956
Adjustments to prior year	11,715	(45,214)
Other	654,756	(292,945)
Total tax charge for the year	2,935,041	5,265,088

12. Dividends

	2019 £	2018 £
A Ordinary		
Interim paid of £2.509 (2018 - £9.477) per ordinary share	900,000	3,400,000
Final payable of £8.362 (2018 - £12.543) per ordinary share	3,000,000	4,500,000
B Ordinary		
Interim paid of £3,333.33 (2018 - £17,222.22) per ordinary share	600,000	3,100,000
Final payable of £4,444.44 (2018 - £25,000.00) per ordinary share	800,000	4,500,000
	5,300,000	15,500,000

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2018	23,240,425	7,624,635	796,926	2,066,431	33,728,417
Additions	-	170,318	-	60,733	231,051
Disposals	-	(87,975)	(634,801)	-	(722,776)
Revaluations	438,376	-	-	-	438,376
At 30 September 2019	23,678,801	7,706,978	162,125	2,127,164	33,675,068
Depreciation					
At 1 October 2018	184,881	5,832,253	630,251	1,655,575	8,302,960
Charge for the year	-	366,400	12,760	220,201	599,361
Disposals	-	(25,039)	(521,160)	-	(546,199)
At 30 September 2019	184,881	6,173,614	121,851	1,875,776	8,356,122
Net book value					
At 30 September 2019	23,493,920	1,533,364	40,274	251,388	25,318,946
At 30 September 2018	23,055,544	1,792,382	166,675	410,856	25,425,457

The freehold properties totalling £23,493,920 (2018 - £23,055,544) have been valued at open market value at 30 September 2019 by C J Byrne and P J Byrne, who are directors of the company. In line with the valuation policy, where the difference between the valuation and the carrying value of the property was significant then the revaluation has been applied to the carrying value. The last full valuation was carried out on 30 September 2016. The directors are qualified to make valuations on the basis of their knowledge of the commercial property market. In making the valuation the directors have considered the value in use of the properties and the present market conditions.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

14. Investment property

Group

	Freehold investment property £
Valuation	
At 1 October 2018	19,040,610
Net deficit on revaluation	(396,362)
At 30 September 2019	18,644,248

The group's investment properties totalling £18,644,248 (2018 - £19,040,610) have been valued at fair market value at 30 September 2019 by C J Byrne and P J Byrne, who are directors of the company. The directors are qualified to make valuations on the basis of their knowledge of the commercial property market. In making the valuation the directors have considered the value in use of the properties and the present market conditions.

The group had annual lessor income commitments on its externally rented investment properties of £766,000 (2018 - £725,000).

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	14,410,840	14,410,840

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

15. Fixed asset investments

Group

	Investments in joint venture £
Cost	
At 1 October 2018 and 30 September 2019	1
	<hr/>
Net book value	
At 30 September 2019	1
	<hr/> <hr/>
At 30 September 2018	1
	<hr/> <hr/>

Direct subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Ardmore Construction Limited	Ordinary	100 %	General builder
Paddington Construction Limited	Ordinary	100 %	Manufacturing
Systemhaven Limited	Ordinary	100 %	Holding company
Byrne Estates (Kensal Green) Limited	Ordinary	100 %	Property development
Byrne Properties Limited	Ordinary	100 %	Property investment & development
Celebration Homes Limited	Ordinary	100 %	Property investment & development
British Contractors Plant Limited	Ordinary	100 %	Dormant
Ardmore Construction Group Ltd	Ordinary	100 %	Dormant

The registered office of the above subsidiaries is the same as that shown on the company information page in respect of the parent.

Indirect Subsidiary undertakings

The following were indirect dormant subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Ardmore Enabling Ltd	Ordinary	100 %	Dormant
Ardmore Hotels & Commercial Ltd	Ordinary	100 %	Dormant
Ardmore Regeneration Ltd	Ordinary	100 %	Dormant
Ardmore Residential Ltd	Ordinary	100 %	Dormant
Paddington Fitout Ltd	Ordinary	100 %	Dormant

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

15. Fixed asset investments (continued)

Participating interests

The group's interest in joint ventures is represented by a 50% interest in the ordinary share capital of Ardmore First Base Partnership Limited, a company incorporated in the United Kingdom, which is dormant.

Company

	Investments in subsidiary companies £
Cost	
At 1 October 2018	5,056,974
Additions	100
At 30 September 2019	<u>5,057,074</u>
Impairment	
At 1 October 2018	4,522,552
At 30 September 2019	<u>4,522,552</u>
Net book value	
At 30 September 2019	<u>534,522</u>
At 30 September 2018	<u>534,422</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

16. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	1,325,819	2,452,746	-	-
Work in progress	1,579,212	106,065	-	-
Finished goods and goods for resale	157,751	310,730	-	-
Development properties	1,912,666	1,912,666	-	-
	<u>4,975,448</u>	<u>4,782,207</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material, with the exception of development properties as below.

Stock recognised in cost of sales during the year as an expense was £39,191,934 (2018 - £45,798,000).

Development properties are held at cost less provision for impairment. The properties were valued by the directors at open market value at 30 September 2019 at £4,645,000 (2018 - £4,645,000).

17. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Trade debtors	16,332,024	24,986,696	-	-
Loan Notes	3,000,000	-	3,000,000	-
Other debtors	-	4,200,000	-	-
	<u>19,332,024</u>	<u>29,186,696</u>	<u>3,000,000</u>	<u>-</u>

Trade debtors due after more than one year relate to retentions due under normal terms on long term contracts.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	26,441,230	19,534,645	-	-
Amounts owed by group undertakings	-	-	22,422,466	10,459,192
Amounts owed by related parties	5,428,720	6,559,605	222,307	207,291
Other debtors	5,973,702	1,467,062	711,773	-
Prepayments and accrued income	1,458,256	876,809	-	-
Amounts recoverable on long term contracts	10,772,518	10,881,527	-	-
	<u>50,074,426</u>	<u>39,319,648</u>	<u>23,356,546</u>	<u>10,666,483</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

17. Debtors (continued)

Amounts owed by related parties (net of provisions) includes £3,033,307 (2016 - £2,942,131) due from Byrne Estates (Chatham) Limited "Chatham", a related party by virtue of common control. The directors, who have a common interest in the Ardmore Group and Chatham, have recognised a provision of £Nil (2018 - £164,000) against the debt during the year to reflect the uncertainty over the anticipated timing of recovery and have discounted the amount due at 7.5% for two years.

The recoverability of this asset is dependent on the profits forecast to be achieved by Chatham as a result of its participation with Chatham Quays Residential Limited (CQRL) and Chatham Quays Commercial Limited (CQCL) in an agreement linked to the sale of developed residential properties by CQRL along with profits forecast on a supplementary agreement linked to additional commercial property with CQCL. Under the agreement Chatham is entitled to a share of the profits achieved from the sale or rentals of the properties on completion of the disposal of the portfolio. The directors best estimate of the level of profits expected to be achieved through these agreements, less relevant expenditure, is forecast to be sufficient to recover the debt although the timing of repayments is uncertain. It should be noted that while the directors are confident of achieving a sufficient level of profitability under these agreements, this is dependent on the liquidity of the local property market and rental agreements achieved at the time of disposal.

18. Current asset investments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Current asset investment	10,000,000	-	10,000,000	-

19. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	60,465,467	73,036,456	36,229,615	48,589,754
Less: bank overdrafts	(197,322)	(404,250)	(1,427)	-
	<u>60,268,145</u>	<u>72,632,206</u>	<u>36,228,188</u>	<u>48,589,754</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

20. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	197,322	404,250	1,427	-
Bank loans (see note 23)	-	99,021	-	-
Payments received on account	4,931,756	203,926	-	-
Trade creditors	11,649,763	8,702,623	-	-
Subcontractor liabilities	35,458,469	22,952,795	-	-
Amounts owed to group undertakings	-	-	49,807,764	36,424,719
Corporation tax	1,497,880	2,296,402	109,639	139,492
Other taxation and social security	1,617,303	1,055,396	-	-
Obligations under finance lease and hire purchase contracts	2,495	16,670	-	-
Other creditors	5,327,554	11,809,428	4,507,102	9,400,162
Accruals and deferred income	61,387,794	81,574,200	-	-
	<u>122,070,336</u>	<u>129,114,711</u>	<u>54,425,932</u>	<u>45,964,373</u>

The company's bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and certain group companies as well as other guarantees as detailed in note 33.

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans (see note 23)	-	935,364	-	-
Net obligations under finance leases and hire purchase contracts	-	2,495	-	-
Subcontractor liabilities	4,159,986	4,097,088	-	-
	<u>4,159,986</u>	<u>5,034,947</u>	<u>-</u>	<u>-</u>

The company's bank loans and overdrafts are secured by a fixed and floating charge over certain group properties as well as other guarantees as detailed in note 33.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

22. Loans

	Group 2019 £	Group 2018 £
Bank loans		
Within one year	-	99,021
Between one to two years	-	100,966
Between two to five years	-	314,953
Over five years	-	519,445
	<u>-</u>	<u>1,034,385</u>

The bank loans were repaid on 30 September 2019.

The group's bank loans and overdrafts are secured by way of a fixed and floating charge over certain group properties as well as other guaranties as detailed in note 34.

The loans due in more than five years related to mortgages on various properties. Interest was charged on these loans at rates ranging between 1.7% - 3.2% per annum and have been repaid early, in full during the year.

23. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>-</u>	<u>140,355,297</u>	<u>-</u>	<u>59,245,453</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>-</u>	<u>(130,200,320)</u>	<u>-</u>	<u>45,824,881</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, payments received on account, hire purchase liabilities, amounts owed to group undertakings, bank and other loans.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

24. Deferred taxation

Group

	2019 £
At beginning of year	(1,603,236)
Charged to Statement of Comprehensive Income	(139,825)
At end of year	(1,743,061)

Company

	2019 £
At beginning of year	-
Charged to profit or loss	(37,024)
At end of year	(37,024)

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(38,052)	(72,966)
Rollover relief on disposed property	(548,582)	(548,582)
Revaluation of properties	(1,156,427)	(981,688)
	(1,743,061)	(1,603,236)

Certain group companies have tax losses available for offset against future profits of approximately £7,854,500 (2018 - £10,280,000). The potential deferred tax asset of £1,492,355 (2018 - £1,747,000) using a rate of 19% (2018 - 17%) has not been provided for in respect of these losses.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

25. Provisions

Group

	Provision for remedial work £
At 1 October 2018	12,093,000
Charged to Statement of Comprehensive Income	2,455,200
At 30 September 2019	14,548,200

The directors, based on internal and external advice available, have made a provision for remedial work required on previous projects. The timing for settlement of amounts provided is uncertain. The cost reflects the anticipated cost to the group.

26. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
358,776 A Ordinary shares of £1 each	358,776	358,776
180 B Ordinary shares of £1 each	180	180
	358,956	358,956

The B shares do not carry voting rights, or participation rights in the event of a winding up, other than a return of nominal value, but do not have a separate dividend entitlement.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

27. Reserves

Revaluation reserve

This reserve represents the accumulated unrealised gains in respect of investment properties.

Merger Reserve

This reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit and loss account

This reserve represents cumulative profits or losses, net of dividends paid and other adjustments. Included in the group profit and loss account are non-distributable reserves of £9,281,484 (2018 - £9,281,484).

Called up share capital

This reserve represents the nominal value of the shares issued.

28. Contingent liabilities

The Directors have accrued for costs based on their best estimate of known claims, investigations and legal actions in progress. The group takes legal advice as to the potential outcomes of claims and actions and no provision is made where the directors consider, based on that advice, that the action is unlikely to succeed, or that the company cannot make a sufficiently reliable estimate of the potential obligation.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

29. Related party transactions

During the year the group and company entered into transactions and outstanding balances with the following companies, which are within the definition of related parties, due to being under common control of C J Byrne & P J Byrne or their trusts. Movements relate to cash movements unless otherwise stated.

	Group 2019 £	Group 2018 £
Balance due from (to) related party, net of provisions		
Byrne Estates (Chatham) Limited	3,033,307	2,942,131
Byrne Estates Limited	165,223	17,002
Ardmore Contracting (Ireland) Limited	549,255	1,963,818
Stylo Estates Limited	1,689,117	1,625,623
Georgia Properties Limited	(8,182)	(8,182)
PAC Scaffolding Limited	-	1,500
Continental Trust Company Limited	-	17,713
	5,428,720	6,559,605

The amount stated above is net of provisions. A provision of £2,039,134 (2018 - £2,039,134) is set against amounts due from Byrne Estates (Chatham) Limited to reflect uncertainty over the timing and amount of the eventual profit share forecast to be achieved, see note 17.

During the year the group and company entered into transactions and outstanding balances with the following companies, which are within the definition of related parties, due to being under common control of C J Byrne & P J Byrne or their trusts. Movements relate to cash movements unless otherwise stated. The directors continue to review the development potential of the properties against which the recoverability of the debt is dependent following the unlikely renewal of certain planning permissions together with continued uncertainty over the Irish economy and the impact of Brexit the directors consider it prudent to make provisions against the amounts due. The directors of Ardmore Contracting (Ireland) Limited are currently reviewing the strategic options of that company and its property portfolio.

The amounts due from PAC Scaffolding Limited and Continental Trust Company Limited of £1,500 and £17,713 have been fully provided for in the current year.

Amounts owing from trusts based in Gibraltar (of which C J and P J Byrne are the beneficiaries) at the year end totalled £Nil (2018 - £572,025) and are included in other debtors. Amounts owed to the group are interest free and repayable on demand.

During the year the company disposed of PPE to the directors with a net book value of £79,210 realising a loss on disposal of £2,717. At the Statement of Financial Position date there were amounts due to C J Byrne and P J Byrne totalling £535,151 (2018 - £1,794,556). Dividends of £4,223,423 (2018 - £9,400,050) were also due to C J Byrne and P J Byrne at the Statement of Financial Position date.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £2,230,970 (2018 - £2,349,318) including EBT awards of £572,025 (2018 - £1,380,000).

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

30. Post statement of financial position events

No material events have arisen since the reporting date which require disclosure.

31. Controlling party

Ultimate control of the group and company rests with the directors and shareholders C J Byrne and P J Byrne directly and via trusts in which they are beneficiaries.

32. Guarantees

The group has entered into an unlimited cross guarantee in respect of an overdraft facility secured over all of the assets of British Contractors Plant Limited and Paddington Construction Limited. The net indebtedness of the above companies in respect of the overdraft facility at 30 September 2019 was £Nil (2018 - £Nil).

C J Byrne and P J Byrne have together provided personal guarantees in respect of the overdraft facility to the sum of £500,000 (2018 - £500,000). The life assurance policy for C J Byrne held by Ardmore Construction Limited and the policy for P J Byrne held by Paddington Construction Limited have been assigned to the lender as part of the overdraft guarantee.