

Ardmore Group Limited

Annual Report and Financial Statements

Year Ended

30 September 2021

Company Number 10379475



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	Natwest Group (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 2021

The Directors present their Strategic Report together with the audited financial statements of the Company, together with its subsidiaries (the "Ardmore Group") for the year ended 30 September 2021.

Principal activities

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

Nature of the business

In addition to the main construction operations, the Group manufactures joinery, steel and masonry products.

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 principal consumer of these products is Ardmore Construction Ltd.

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 Board expected a busy year with delivering some interesting but complex projects, whilst navigating the coronavirus pandemic. This time last year the UK was in national lockdown and vaccination programme was in its infancy. At the time, the Board were of the view that the full impact of the Coronavirus pandemic had yet to play out, and there was uncertainty on the impact of Brexit. The many views shared by economic pundits were understandably guarded about the UK's economy prospects of recovery.

Roll forward a year and the prediction of a challenging year was correct, but not in the way predicted by most. At the start of 2021 the UK and the EU had agreed a trade deal; perhaps triggering what was to come. Within the first half of the calendar-year (Q2 of the Group's financial year) the signs of pent-up demand within the construction sector started to surface. This was soon followed by global energy price rises, the shortage of lorry drivers and consequently longer lead in times for materials, and a tumultuous labour market.

The task of meeting increased demand in a climate of rising prices and resource shortages was the challenge in 2021; a challenge the Ardmore family faced and, for now at least, subdued.

With turnover set to top £400m for the first time, Ardmore reshaped its business structure to target growth in key areas and better align the business with its forecast pipeline. The restructure will see the launch of four new divisions, designed for faster growth within core areas. The new divisions will cover major projects, regeneration, fit-out and enabling works and the Company's role is to provide administrative and management support to the Group.

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Group Strategic Report (continued) For the Year Ended 30 September 2021

Performance

At the start of the year 94.7% of the turnover expected in the year was from secured work but with the successes of contract awards in the second quarter of the year, turnover increased from £273m in 2020 to £405m this year. Of this year's turnover, 94.9% was from secured orders at the start of the year which confirm the Group has outperformed.

The positive message of the Group's output is tempered by the many challenges of another COVID 19 affected year of trading. Material inflation and labour shortages were added to other challenges of complex construction projects. Of the four projects expected to have completed in the year, two complete as expected, a third finished just after the year end, and the other has drifted into 2022. These have all filtered through to a weaker than expected margin. That said, the teams have managed the situation very well allowing the Group to report a very respectable margin of 8.86% vs the 10.42% reported in 2020.

The manufacturing activities of the Group continues to improve output from £18.3m to a record high of £28m which naturally reflects the increased turnover of the construction activities. Both the manufacturing and property group remain valuable contributors to the overall profitability of the Group. The latter also providing good increases in capital value.

The Group's administrative expenses have increased in response to the increased turnover. Investment in support functions (Legal, IT, HR and Management Systems) were planned and have been necessary to maintain operational efficiency.

The profit after tax of £12.3m (2020 - £9.2m) represents a very good result in a year that has challenged the UK economy generally and construction industry specifically.

Cash and working capital

The improved performance of Group in the year has translated into further improvements in the cash position. The recovery of outstanding retention monies continues to improve and has added to the improvement of cash balances of the Group from £90.5m to £113.6m. The Company too has improved its cash position from £46.9m to £69.3m.

The increase in the Group's net current assets (excluding debtors falling due after more than one year) from £18.7m in 2020 to £30.8m at the end of the year represents another year of improvement. Payment behaviour scores remain good for all group companies, as do the D&B credit ratings.

The Group's principal bankers National Westminster Bank as well as the Surety companies remain involved and supportive and are recognised as essential to our operational success.

Net assets and reserves

The net assets of the Group grew from £51.9m in 2020 to £63.9m at the end of the year, after total dividends paid of £2.9m. This growth exceeds the Board's target of 10% year-on-year set back in 2017.

A closer examination of the balance sheet confirms, the assets include cash and property remain solid assets which provide the valuable liquidity and substance to the Group's trading position. The one real blemish is a non-performing commercial loan against which the Company's Board has provided £687k.

The Group remain free of any structure debt and creditors made up of largely normal trading balances and prudent provisions to meet our obligations to our customers (both past and present).

The residential and commercial property portfolios were revalued at the end of the fourth quarter to reflect an unrealised surplus of £3.2m. The residential portfolio (all in London) has seen modest but steady growth while the commercial portfolio has made some gains. These gains have been largely attributed to the returning confidence in the demand for office space as the UK emerged from COVID 19 lockdown and the ongoing demand for logistics centres.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2021

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.

Brexit

The Group sources some materials and labour from the EU. The terms of a new deal, or impact of 'no deal' could cause disruption to the operations and supply chain. The Group continues to monitor the government announcements and discussions, and has developed contingency plans wherever possible to mitigate the uncertainty. This includes robust risk assessments and alternative plans for the supply chain, and other measures. The Group does not operate outside the UK.

Coronavirus

The virus has had significant impact to the economy and the full impact is yet to fully play out. The construction sector has been robust and has continued to operate throughout the pandemic however the impact of changes to working practices and the disruption to sites continues. The Directors and management have performed risk assessments and put in place appropriate precautions on all sites and head office however the risk of local lockdowns and outbreaks will continue until the wider situation improves.

Outlook

The successful award in the second half of the year means the Construction Group forecasting a record turnover of £550m+. Of this, 97.2% is from secured orders with an average value of contracts at c.£120m. The current margin percentage is expected to come under some pressure from inflation and remedial works, but this has been reflected in the 8.5% forecasted.

There is an expected further increase in overheads to support the increased levels of trading activities after which the Group is expecting a healthy profit after tax of c.£20m.

Delivering the increased turnover certainly presents operational challenges, not least building teams to deliver projects while meeting our commitments to customers of the past. The fractious nature of the UK's relationship with the EU and the regular trials faced by the Conservative government suggests political and economic risks may yet have a say on how we end our financial year to 30th September 2022. The Board are however determined the Group will make the best of whatever unfolds.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2021

People and awards

A primary focus of 2021 was to recruit and adequately resource for the increase in turnover as well as retain key staff to help deliver existing projects. This process has not been made easy by the volatile labour market and continued presence of Covid 19.

On recruitment, the team has been restructured and a Business Partner model introduced. This proved successful in terms of HR support and planning appropriately for recruitment needs. A reliance has been placed on recruitment agencies, and the target for 2022 is to source directly with only select roles being placed externally.

Open vacancies have oscillated between 30 and 50 month on month. This was driven largely by new contract awards, (a steadily increasing headcount from the average of 324 in 2020 and reaching 393 in September 2021) but also by an increase in staff turnover. Retention of new recruits is a key item on the agenda for the year ahead.

Covid 19's impact was certainly less felt in 2021, with the focus this year on how to create a more flexible and agile working environment. For the first half of the year (Oct – March) reactive and flexible working arrangements were still needed; sites rotated those in roles which could be carried out remotely and head office introduced a 'core day' for all staff. The latter part of the year centred on a longer term approach to agile working for non site based roles as head office teams had autonomy in negotiating their working patterns with flexibility around working hours.

A new 'HR cycle' was launched in January 2021 aligning performance reviews (PDRs), pay reviews and budget reviews. Despite no official pay reviews in 2020, the company nevertheless made discretionary bonus payments in December 2020 for almost all staff, with a full pay review taking place in September 2021. The PDRs largely took place online, with a return rate of 70%; the uptake wasn't as high as targeted, mainly because of new staff joining the business. The expectation is to increase back to above 90% next year.

On employment matters generally, two trends that need attention are an increase in the number of grievances (which are mainly localised) and the turnover of staff leaving in the first 12 months of employment.

Significant investment in a new HR system this year will bring numerous benefits and help address all the priorities for the department listed above; the introduction of recruitment, talent management, learning and development, and payroll modules in 2022 being the key objectives for the system implementation.

Changes to IR35 in April 2021 led to a number of changes with individuals operating under a limited company. Of the 35 individuals identified, over half were offered, and accepted PAYE terms, a number continue to operate as Personal Service Companies with defined scopes of service, and a small few agreed to terminate their engagement.

The HR strategy for 2022 will be two fold; oversee the successful implementation of the new system to bring about working efficiencies, and to focus on staff recruitment and retention to achieve a goal of voluntary staff retention of above 85%.

The Group gives full and fair consideration to applications for employment made by disabled people, having regard to their particular aptitudes and abilities. Appropriate arrangements are made to assist the recruitment, training, career development and promotion of disabled people. The Group endeavours to retain and adjust the environment of employees who become disabled during the course of their employment.

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Group Strategic Report (continued) For the Year Ended 30 September 2021

Health and safety

We are pleased to report that we have had no major injuries or significant incidents during the year, and just three that were reportable as they involved more than 7 days off work (RIDDOR injuries). Overall, the company RIDDOR frequency rate has improved in line with industry best practice to 0.07 injuries per 100,000 hours, or 1.5 million hours worked between each incident. We remain committed to doing things better and having investigated these incidents and implemented the resultant lessons learned we continue to strive to improve.

We find ourselves amid a global pandemic. This has had a profound impact on us all. In Ardmore we did what we had to. We paused our work on site and brought construction to a safe stop. Every member of staff who was able to, began working from home. We gave assurances to our supply chain so in turn they could protect their own workforce. This has meant that we have been able to safely re-mobilise our operations, with the same, highly skilled teams in place.

Following extensive health and safety reviews at our sites we are now back to full production. We have many additional controls in place to protect our workers and the public, all based on the advice from the government, and we expect this to be the case for some time to come. Our teams have worked tirelessly and creatively to make our new environment safe. Measures include face masks and protective equipment, testing for anyone with symptoms; and social distancing procedures.

Throughout the year we have continued to invest in health and safety and have increased the department to 21 professional staff. Training has been maintained in the four areas of management, first aid, plant operator and individual skills. Our associate membership of the Considerate Constructors scheme goes from strength to strength with every project achieving high scores beyond compliance, with the best winning awards. We have maintained our ROSPA gold award, the ISO 45001:2018 health and safety standard, as well as ISO 9001 for quality and ISO 14001 for environment.

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 toolbox 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.

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Group Strategic Report (continued) For the Year Ended 30 September 2021

Directors' statement of compliance with duty to promote the success of the Group

The Company is not required to adopt an official recognised corporate governance code. However, the Board of Directors have introduced an internal corporate governance code which establish rules and guidelines for strategic, commercial, financial, legal and employment matters. These duties are detailed in the section 172 statement below:

Decision Making

The Board of directors of Ardmore Group Limited consider, both individually and together, that they have acted in the way they consider good faith and promote the success of the company for the benefit of its members as a whole.

The Board ensures that strategic initiatives feed directly into one or more of the fundamental ambitions. They review and consider the various stakeholders when arriving at recommended business decisions consistent with the strategy.

The People

The Group is committed to being a responsible business. The Group behaviour is aligned with the expectation of its people, clients, shareholders and communities and society. People are at the heart of the delivery of excellent customer service. For our business to succeed we manage people's performance and develop and bring through talent while ensuring the Company operates as efficiently as possible.

The management continues to engage directly with the employees through regular visits and meetings taking place across the Group including all construction sites.

As described in the People & Awards report above, in 2021 The Board of Directors engaged with Employees to formulate an agile working policy to ease the concerns caused by the COVID 19 pandemic.

This is particularly relevant for the health and safety of our people, who work within a recognised high-risk sector, now working with the additional challenges of the coronavirus pandemic.

Business Relationship

The Group strategy is focused on delivering excellent customer service. To do this, the Group need to develop and maintain strong client relationships, often providing valuable input to develop designs to ensure the viability of the proposed schemes.

The structure introduced in 2021 complements Ardmore's successful growth and is focused on providing our customers within specialist sectors expertise to deliver their development projects. The formation of a regeneration business is a further step in Ardmore's strategy to offer potential JV-focussed investment opportunities.

The Group have also invested in creating a dedicated team focused taking responsibility for past failures; eradicating the risks of past non-compliance and promoting quality and safety in all facets of the business for the benefit of our external stakeholders.

The Group also recognises the value of all suppliers as they are key in enabling the Company to deliver its construction projects. The Group has long term business relationships with many of its key suppliers and continues to work together to align business objectives while ensuring our payments terms and behaviours don't prevent them from achieving their goals.

The introduction of a modern ERP system has helped ensure expeditious processing of payments to our suppliers and improved control over tax accounting and compliance.

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Group Strategic Report (continued) For the Year Ended 30 September 2021

Directors' statement of compliance with duty to promote the success of the Group (continued)

Community and environment

The Group's approach is to use its position of strength to create positive changes for the people and the communities with which the Group interact. During the year the Group have "partnered" with Enfield college to sponsor apprenticeships for joinery and welding and provide places in the manufacturing facility for a two-year programme. This will benefit the local community by providing skilled work opportunities for their young people.

Culture and values

The Group's culture is characterised by a can do attitude, mutual respect and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct securing long term success.

The company embraces diversity, flexibility, sustainability and continuous improvement throughout the organisation. The company has a customer centric philosophy with transparent, fair and simple processes. The Board and senior management have taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

Members

The Executive team and the Board of Directors are openly engaged with the Group shareholders as they recognise the importance of continuing an effective dialogue with the shareholders. The shareholders are actively engaged in the Group's affairs with their representatives being members of the Board of Directors and Executive management. They support the Group by helping to deliver its key objectives and strengthening the client relationship with existing and prospective customers.

This report was approved by the board on 23 December 2021 and signed on its behalf.


PJBYRNE (Dec 24, 2021 10:18 GMT)

P J Byrne
Director

Ardmore Group Limited

Directors' Report For the Year Ended 30 September 2021

The Directors present their report together with the audited financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the 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 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 Company will continue in business.

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

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 as well as financial management risks and policies including exposure to price risk, credit risk, liquidity risk and cash flow risk.

Results and dividends

The profit for the year, after taxation, amounted to £12,301,436 (2020 - £9,164,845).

The Directors approved an interim dividend of £2.509 (2020 - £2.509) per ordinary A share and £3,333.33 (2020 - £3,333.33) per ordinary B share for the year ended 30 September 2021. Final dividends of £3.902 (2020 - £2.509) per ordinary A share were also approved in the year and remained payable at the year end. There were no final dividends approved in respect of the B shares (2020 - £4,444.44 per ordinary B share).

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. Further detail regarding the directors' going concern assessment has been provided in note 2.5.

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Directors' Report (continued) For the Year Ended 30 September 2021

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

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group puts its environmental responsibilities high on the agenda and has continued to make progress in reducing the energy footprint of the Group, including moving into its new London offices in 2017. At a site level, much of the energy usage is from generators. Due to the disruption from the coronavirus, the Groups head office has not been fully utilised and some site and transport activities have been reduced.

The Group's internal reporting of energy, gas and transport use continues to improve. The below are the estimated amounts for the activities in the year to September 2020 and management anticipate making further disclosures in 2021.

	2021	2020
UK energy use* (kWh)	1,580,000	2,450,000
GHG emissions **	441 tCO ₂	497 tCO ₂
Intensity ratio***	1.09 gCO ₂ /£	1.829 gCO ₂ /£

* UK energy use is the estimated purchased electricity consumption of the head office and sites. The Group does not significantly use gas. The Group does not yet have a suitable process to capture the information for transport and it is not practical to obtain this information, however management will seek to include this in future reports.

** Using the market based approach (scope 2 purchased electricity)

*** Total emissions divided by revenue

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.

Ardmore Group Limited

Directors' Report (continued) For the Year Ended 30 September 2021

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 23 December 2021 and signed on its behalf.


PJBYrne (Dec 24, 2021 10:18 GMT)

P J Byrne
Director

Ardmore Group Limited

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

Opinion on the financial statements

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 2021 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.

We have audited the financial statements of Ardmore Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 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 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and 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.

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.

Ardmore Group Limited

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. Our audit procedures were designed at Group and significant component levels to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, financial reporting legislation, the Companies Act 2006, distributable profits legislation and UK pensions and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board meeting minutes, enquiries with management and review of external press releases.

There are inherent limitations in the audit procedures described above and, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting and the valuation of investment properties.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Ardmore Group Limited

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

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.

DocuSigned by:

Geraint Jones

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

24 December 2021

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 2021

	Note	2021 £	2020 £
Turnover	4	404,837,799	273,005,285
Cost of sales		(368,980,340)	(244,539,869)
Gross profit		35,857,459	28,465,416
Administrative expenses		(21,366,501)	(20,495,713)
Other operating income	5	184,988	1,543,205
Fair value movement on revaluation of investment property	15	643,536	830,574
Operating profit	6	15,319,482	10,343,482
Interest receivable and similar income	9	38,621	535,745
Interest payable and similar expenses	10	(41,367)	(35,781)
Profit before taxation		15,316,736	10,843,446
Tax on profit	11	(3,015,300)	(1,678,601)
Profit for the financial year		12,301,436	9,164,845
Unrealised deficit on revaluation of tangible fixed assets		2,595,927	(568,644)
Other comprehensive income for the year		2,595,927	(568,644)
Total comprehensive income for the year		14,897,363	8,596,201
Profit for the year attributable to:			
Owners of the parent Company		12,301,436	9,164,845
Total comprehensive income for the year attributable to:			
Owners of the parent Company		14,897,363	8,596,201

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited

Registered number: 10379475

Consolidated Statement of Financial Position As at 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	13		250,900		128,829
Tangible assets	14		28,784,300		25,282,167
Investment property	15		20,118,358		19,474,822
Investments	16		1		1
			<u>49,153,559</u>		<u>44,885,819</u>
Current assets					
Stocks	17	9,284,231		5,615,308	
Debtors: amounts falling due after more than one year	18	18,504,198		14,429,196	
Debtors: amounts falling due within one year	18	63,199,306		36,210,656	
Current asset investments	19	-		7,056,000	
Cash at bank and in hand	20	113,587,856		90,466,353	
			<u>204,575,591</u>	<u>153,777,513</u>	
Current liabilities					
Creditors: amounts falling due within one year	21	(155,238,322)		(120,610,970)	
Net current assets			<u>49,337,269</u>		<u>33,166,543</u>
Total assets less current liabilities			<u>98,490,828</u>		<u>78,052,362</u>
Creditors: amounts falling due after more than one year	22	(8,480,599)		(3,671,109)	
Provisions for liabilities					
Deferred taxation	24	(3,212,359)		(1,854,675)	
Other provisions	25	(22,912,477)		(20,638,548)	
			<u>(26,124,836)</u>		<u>(22,493,223)</u>
Net assets			<u><u>63,885,393</u></u>		<u><u>51,888,030</u></u>

Ardmore Group Limited
Registered number: 10379475

Consolidated Statement of Financial Position (continued)
As at 30 September 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	26	358,956	358,956
Share premium account	27	11,520	11,520
Revaluation reserve	27	16,575,829	13,336,366
Merger reserve	27	3,053,437	3,053,437
Profit and loss account	27	43,885,651	35,127,751
Equity attributable to owners of the parent Company		63,885,393	51,888,030

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 December 2021.


P J Byrne (Dec 24, 2021 10:18 GMT)

P J Byrne
Director

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited


Registered number: 10379475

Company Statement of Financial Position As at 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	16		534,522		534,522
Current assets					
Debtors: amounts falling due after more than one year	18	-		3,000,000	
Debtors: amounts falling due within one year	18	29,063,536		24,200,387	
Current asset investments	19	-		7,056,000	
Cash at bank and in hand	20	69,281,121		46,917,849	
		<u>98,344,657</u>		<u>81,174,236</u>	
Current liabilities					
Creditors: amounts falling due within one year	21	(75,990,213)		(60,220,608)	
Net current assets			<u>22,354,444</u>		<u>20,953,628</u>
Net assets			<u><u>22,888,966</u></u>		<u><u>21,488,150</u></u>
Capital and reserves					
Called up share capital	26		358,956		358,956
Share premium account	27		11,520		11,520
Profit and loss account carried forward	27		22,518,490		21,117,674
			<u><u>22,888,966</u></u>		<u><u>21,488,150</u></u>

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 £4,300,816 (2020 - £5,830,423).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 December 2021.


P J Byrne (Dec 24, 2021 10:18 GMT)

P J Byrne
Director

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2021

	Called up share capital £	Share premium account £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 October 2020	358,956	11,520	13,336,366	3,053,437	35,127,751	51,888,030
Comprehensive income for the year						
Profit for the year	-	-	-	-	12,301,436	12,301,436
Unrealised surplus on revaluation of tangible fixed assets	-	-	2,595,927	-	-	2,595,927
Total comprehensive income for the year	-	-	2,595,927	-	12,301,436	14,897,363
Dividends (see note 13)	-	-	-	-	(2,900,000)	(2,900,000)
Transfer from changes in fair value of investment property	-	-	643,536	-	(643,536)	-
Total transactions with owners	-	-	643,536	-	(3,543,536)	(2,900,000)
At 30 September 2021	358,956	11,520	16,575,829	3,053,437	43,885,651	63,885,393

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2020

	Called up share capital £	Share premium account £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 October 2019	358,956	11,520	13,074,436	3,053,437	29,793,480	46,291,829
Comprehensive income for the year						
Profit for the year	-	-	-	-	9,164,845	9,164,845
Unrealised deficit on revaluation of tangible fixed assets	-	-	(568,644)	-	-	(568,644)
Total comprehensive income for the year	-	-	(568,644)	-	9,164,845	8,596,201
Dividends (see note 13)	-	-	-	-	(3,000,000)	(3,000,000)
Transfer from changes in fair value of investment property	-	-	830,574	-	(830,574)	-
Total transactions with owners	-	-	830,574	-	(3,830,574)	(3,000,000)
At 30 September 2020	358,956	11,520	13,336,366	3,053,437	35,127,751	51,888,030

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited

Company Statement of Changes in Equity For the Year Ended 30 September 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2020	358,956	11,520	21,117,674	21,488,150
Comprehensive income for the year				
Profit for the year	-	-	4,300,816	4,300,816
	-	-	4,300,816	4,300,816
Total comprehensive income for the year				
Dividends (see note 13)	-	-	(2,900,000)	(2,900,000)
	-	-	(2,900,000)	(2,900,000)
Total transactions with owners				
At 30 September 2021	358,956	11,520	22,518,490	22,888,966

Company Statement of Changes in Equity For the Year Ended 30 September 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2019	358,956	11,520	18,287,251	18,657,727
Comprehensive income for the year				
Profit for the year	-	-	5,830,423	5,830,423
	-	-	5,830,423	5,830,423
Total comprehensive income for the year				
Dividends (see note 13)	-	-	(3,000,000)	(3,000,000)
	-	-	(3,000,000)	(3,000,000)
Total transactions with owners				
At 30 September 2020	358,956	11,520	21,117,674	21,488,150

The notes on pages 23 to 49 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Cash Flows For the Year Ended 30 September 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	12,301,436	9,164,845
Adjustments for:		
Amortisation of intangible assets	30,147	853
Depreciation of tangible assets	230,856	576,125
Profit on disposal of tangible assets	-	(67,504)
Interest paid	41,367	35,781
Interest received	(38,621)	(535,745)
Taxation charge	3,015,300	1,678,601
Increase in stocks	(3,668,923)	(639,860)
(Increase)/decrease in debtors	(30,006,706)	19,314,060
Increase in creditors	40,104,646	1,379,155
Increase in provisions	2,273,929	6,090,348
Net fair value gains recognised in P&L	(643,536)	(830,574)
Corporation tax paid	(3,382,366)	(2,397,063)
Net cash generated from operating activities	20,257,529	33,769,022
Cash flows from investing activities		
Purchase of intangible fixed assets	(152,218)	(126,830)
Purchase of tangible fixed assets	(1,137,062)	(1,184,221)
Sale of tangible fixed assets	-	143,735
Current asset investments	-	(7,056,000)
Withdrawal from current asset investments	7,056,000	10,000,000
Interest received	38,621	-
Other interest paid	(41,367)	(47,498)
Net cash from investing activities	5,763,974	1,729,186
Cash flows from financing activities		
Dividends paid	(2,900,000)	(5,300,000)
Net cash used in financing activities	(2,900,000)	(5,300,000)
Net increase in cash and cash equivalents	23,121,503	30,198,208
Cash and cash equivalents at beginning of year	90,466,353	60,268,145
Cash and cash equivalents at the end of year	113,587,856	90,466,353
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	113,587,856	90,466,353

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

1. General information

Ardmore Group Limited is a private company limited by shares and 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 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the details of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.3 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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.4 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.

2.5 Going concern

The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to do so. The activities of the Ardmore Group, along with the factors that may affect its future performance and position are set out in the Directors' report.

The Group continues to hold substantial cash reserves, has no external debt, and access to secured bank facilities (through the Ardmore Group Limited facility). The Directors regularly review the working capital requirements of the Company and wider Group while reviewing sensitivities to future performance.

The Directors have reviewed the forecast future performance of the Group based on their current expectation of profits and cash flows. Despite the challenges following the aftermath of the pandemic, the Group has remained profitable and cash generative. This is expected to continue and the Directors are anticipating that next year will generate record levels of turnover whilst maintaining profitability. These forecasts consider the lower levels of efficiency arising as a result of contracts become less efficient due Covid safe working, any impacts on site programme, delays in accessing required materials and adhering to the industry mandated Site Operating Procedures.

The Ardmore Group has prepared a cash flow forecast for 12 months from the date of approval of these financial statements and the Ardmore Group considers it has sufficient cash reserve to continue trading throughout this period with significant headroom.

The Ardmore Group recognises the economic and trading uncertainties resulting from Covid-19 and has considered a range of potential scenarios of escalating impact and duration including reduced efficiency on site, delays in the site programme and local lockdowns. Whilst, the cash flow impacts of these scenarios are materially different to the current forecast, the Ardmore Group considers that it would be able to continue trading for at least 12 months from the date of approval of the financial statements without needing to implement significant cash mitigation measures.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.6 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.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Computer software is being amortised to 'administrative expenses'.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	15% reducing balance
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Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets other than land and buildings, 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.

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

Depreciation is provided on the following basis:

Plant and machinery	- 15% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 15% reducing balance

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 profit or loss.

2.9 Revaluation of tangible fixed assets

Individual freehold 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.

2.10 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 statements 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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

In the consolidated accounts, interests in 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 joint venture. The Consolidated Statement of Comprehensive Income 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 Statement of Financial Position, the interests in joint ventures 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.

2.14 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 Consolidated Statement of Comprehensive Income.

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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.15 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 Consolidated Statement of Comprehensive Income.

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.

2.16 Debtors

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

2.17 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.

2.18 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.

2.19 Coronavirus Job Retention Grant

The Coronavirus Job Retention Grant ("Furlough Scheme") is accounted under the accruals model as permitted by FRS 102. Income received under the furlough scheme is recognised in the Consolidated Statement of Comprehensive Income as other income in the same period as the related expenditure.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.20 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Company's functional and the Group's presentation currency.

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 profit or loss.

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 profit or loss within administrative expenses.

2.21 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.

2.22 Operating leases: the Group as lessor

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

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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.23 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.

2.24 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.

2.25 Interest income

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

2.26 Borrowing costs

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

2.27 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 2021

2. Accounting policies (continued)

2.28 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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

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 14)

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 14 and 15)

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 2021

4. Turnover

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

	2021 £	2020 £
Construction contracts	404,097,982	272,242,539
Investment property rental income	739,817	762,746
	<u>404,837,799</u>	<u>273,005,285</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	<u>404,837,799</u>	<u>273,005,285</u>

5. Other operating income

	2021 £	2020 £
Other operating income	166,315	235,257
Furlough scheme	18,673	1,307,948
	<u>184,988</u>	<u>1,543,205</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	340,014	576,125
Amortisation of intangible assets, including goodwill	30,147	853
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	21,210	20,210
- The audit of the group's subsidiaries pursuant to legislation	167,390	151,210
- Taxation compliance services	64,000	64,000
- Other services	7,000	7,000
Defined contribution pension cost	710,611	584,963
Other operating lease rentals	<u>160,254</u>	<u>407,048</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

7. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	26,939,447	22,555,472	2,367,118	2,181,093
Social security costs	2,528,704	2,315,088	-	-
Cost of defined contribution scheme	710,611	584,963	-	-
	<u>30,178,762</u>	<u>25,455,523</u>	<u>2,367,118</u>	<u>2,181,093</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 £143,181 (2020 - £150,471) were payable to the fund at the reporting date.

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

	2021 No.	2020 No.
Directors	3	3
Production and technical	300	273
Administrative	87	80
	<u>390</u>	<u>356</u>

The Company has no employees other than the 2 (2020 - 2) directors.

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>1,278,828</u>	<u>1,380,000</u>

The highest paid Director received remuneration of £661,759 (2020 - £724,350). During the year awards were granted under the Group's employee benefit trust totalling £Nil (2020 - £Nil) to the Directors.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

9. Interest receivable

	2021 £	2020 £
Loan note interest receivable	-	265,925
Bank interest	38,621	269,820
	<u>38,621</u>	<u>535,745</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	2,892	98
Other interest payable	38,475	35,683
	<u>41,367</u>	<u>35,781</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,550,141	1,866,890
Adjustments in respect of previous periods	(166,282)	(299,903)
Total current tax	<u>2,383,859</u>	<u>1,566,987</u>
Deferred tax		
Origination and reversal of timing differences	33,187	109,069
Changes to tax rates	588,704	104,916
Adjustment in respect of previous periods	9,550	(102,371)
Total deferred tax	<u>631,441</u>	<u>111,614</u>
Taxation on profit on ordinary activities	<u>3,015,300</u>	<u>1,678,601</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher 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 £
Profit on ordinary activities before tax	<u>15,316,736</u>	<u>10,843,446</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	<u>2,910,180</u>	2,060,255
Effects of:		
Fixed asset differences	4,012	-
Expenses not deductible for tax purposes	150,088	183,315
Utilisation of tax losses	(326,051)	(152,538)
Adjustments to tax charge in respect of prior periods	(156,732)	(402,274)
Other	-	(115,073)
Remeasurement of deferred tax for changes in tax rates	770,968	104,916
Revaluation gains not taxable	(122,272)	-
Chargeable gains	511,350	-
Recognition of deferred tax on losses	(726,243)	-
Total tax charge for the year	<u>3,015,300</u>	<u>1,678,601</u>

Factors that may affect future tax charges

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate had been substantively enacted at the balance sheet date. As a result deferred tax balances as at 30 September 2021 are measured at 25% (2020 - 19%).

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

12. Dividends

	2021 £	2020 £
A Ordinary		
Interim paid of £2.509 (2020 - £2.509) per ordinary share	900,000	900,000
Final payable of £3.902 (2020 - £2.509) per ordinary share	1,400,000	900,000
B Ordinary		
Interim paid of £3,333.33 (2020 - £3,333.33) per ordinary share	600,000	600,000
Final payable of £Nil (2020 - £4,444.44) per ordinary share	-	600,000
	<u>2,900,000</u>	<u>3,000,000</u>

13. Intangible assets

Group

	Computer software £
Cost	
At 1 October 2020	326,814
Additions	152,218
Disposals	(203,070)
At 30 September 2021	<u>275,962</u>
Amortisation	
At 1 October 2020	197,985
Charge for the year	30,147
On disposals	(203,070)
At 30 September 2021	<u>25,062</u>
Net book value	
At 30 September 2021	<u>250,900</u>
At 30 September 2020	<u>128,829</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

14. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2020	23,221,023	7,676,650	155,532	2,175,297	33,228,502
Additions	83,884	890,942	-	162,236	1,137,062
Revaluations	2,595,927	-	-	-	2,595,927
At 30 September 2021	25,900,834	8,567,592	155,532	2,337,533	36,961,491
Depreciation					
At 1 October 2020	184,881	5,636,873	124,714	1,999,867	7,946,335
Charge for the year	-	118,484	6,208	106,164	230,856
At 30 September 2021	184,881	5,755,357	130,922	2,106,031	8,177,191
Net book value					
At 30 September 2021	25,715,953	2,812,235	24,610	231,502	28,784,300
At 30 September 2020	23,036,142	2,039,777	30,818	175,430	25,282,167

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

14. Tangible fixed assets (continued)

The freehold properties totalling £25,715,953 (2020 - £23,036,142) have been valued at open market value at 30 September 2021 by C J Byrne and P J Byrne, who are Directors of the Company, with reference to an independent valuation report. 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 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 net book value of land and buildings may be further analysed as freehold £18,178,703 (2020 - £16,489,152) and leasehold £7,537,250 (2020 - £6,546,990).

15. Investment property

Group

	Investment property £
Valuation	
At 1 October 2020	19,474,822
Surplus on revaluation	643,536
At 30 September 2021	20,118,358

The Group's investment properties totalling £20,118,358 (2020 - £19,474,822) have been valued at fair market value at 30 September 2021 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.

Included within Investment property is Freehold property with a carrying value of £11,392,444 (2020 - £10,882,221) and Leasehold property with a carrying value of £8,725,914 (2020 - £8,592,601).

The Group had annual lessor income commitments on its externally rented investment properties of £200,000 (2020 - £818,000) in less than one year and £313,425 (2020 - £516,667) in 1-5 years.

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

	2021 £	2020 £
Historic cost	14,410,840	14,410,840

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

16. Fixed asset investments

Group

Investments in joint ventures £

Cost

At 1 October 2020 and as at 30 September 2021

1

Net book value

At 30 September 2021

1

At 30 September 2020

1

Company

Investments in subsidiary companies £

Cost

At 1 October 2020 and as at 30 September 2021

5,057,074

Impairment

At 1 October 2020 and as at 30 September 2021

4,522,552

Net book value

At 30 September 2021

534,522

At 30 September 2020

534,522

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

16. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Ardmore Construction Group Ltd	Ordinary	100%	Holding company
Paddington Construction Limited	Ordinary	100%	Manufacturing
Systemhaven Limited	Ordinary	100%	Holding company
British Contractors Plant Limited	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 subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Ardmore Construction Limited	Ordinary	100%	General builder
Ardmore Major Project Limited (formerly Ardmore Residential Ltd)	Ordinary	100%	General builder
Celebration Homes Limited	Ordinary	100%	Property investment & development
Byrne Properties Limited	Ordinary	100%	Property investment & development
Byrne Estates (Kensal Green) Limited	Ordinary	100%	Property development
Ardmore Enabling Ltd	Ordinary	100%	Dormant
Ardmore Hotels & Commercial Ltd	Ordinary	100%	Dormant
Ardmore Regeneration Ltd	Ordinary	100%	Dormant
Ardmore Fitout Ltd (formerly Paddington Fitout Ltd)	Ordinary	100%	Dormant
Kensal Green Management Company Limited	Ordinary	100%	Dormant

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.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

17. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	3,609,016	2,480,748
Work in progress	2,859,287	1,016,969
Finished goods and goods for resale	903,262	204,925
Development properties	1,912,666	1,912,666
	<u>9,284,231</u>	<u>5,615,308</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.

Development properties are held at cost less provision for impairment. The properties were valued by the Directors at open market value at 30 September 2021 at £5,253,167 (2020 - £5,352,000).

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Trade debtors	18,504,198	11,429,196	-	-
Loan Notes	-	3,000,000	-	3,000,000
	<u>18,504,198</u>	<u>14,429,196</u>	<u>-</u>	<u>3,000,000</u>
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year				
Trade debtors	37,356,663	19,502,705	-	-
Amounts owed by group undertakings	-	-	25,928,477	23,144,297
Amounts owed by related parties	4,520,038	5,519,819	222,307	222,307
Other debtors	8,576,159	6,185,559	139,377	833,783
Prepayments and accrued income	1,651,751	1,754,168	-	-
Amounts recoverable on long term contracts	7,595,077	3,248,405	-	-
Loan Notes	2,773,375	-	2,773,375	-
Deferred tax asset	726,243	-	-	-
	<u>63,199,306</u>	<u>36,210,656</u>	<u>29,063,536</u>	<u>24,200,387</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

18. Debtors (continued)

Trade debtors due after more than one year relate to retentions due under normal terms on long term contracts. Loan Notes relate to an interest bearing external loan provided to an unconnected party due for repayment in December 2021.

Amounts owed by related parties (net of provisions) includes £1,841,210 (2020 - £3,042,232) 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 £1,200,022 (2020 - £Nil) against the debt during the year to reflect the uncertainty over the anticipated amount and 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.

19. Current asset investments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Current asset investment	-	7,056,000	-	7,056,000

20. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	113,587,856	90,466,353	69,281,121	46,917,849

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

21. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Payments received on account	5,468,461	5,973,661	-	-
Trade creditors	10,759,534	6,800,577	3,075	-
Subcontractor liabilities	47,330,130	43,123,214	-	-
Amounts owed to group undertakings	-	-	75,804,866	58,211,070
Corporation tax	-	667,804	-	96,812
Other taxation and social security	5,279,405	2,070,303	-	-
Other creditors	1,107,863	2,578,356	182,272	1,912,726
Accruals and deferred income	85,292,929	59,397,055	-	-
	<u>155,238,322</u>	<u>120,610,970</u>	<u>75,990,213</u>	<u>60,220,608</u>

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

	Group 2021 £	Group 2020 £
Subcontractor liabilities	<u>8,480,599</u>	<u>3,671,109</u>

23. Financial instruments

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Strategic Report.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2021 £	Group 2020 £
Interest income/(expense)		
Total interest income for financial assets at amortised cost	38,621	535,745
Total interest expense for financial assets at amortised cost	(41,367)	(35,781)
	<u>(2,746)</u>	<u>499,964</u>

Ardmore Group Limited

Notes to the financial statements For the Year Ended 30 September 2021

24. Deferred taxation

Group

	2021 £
At beginning of year	(1,854,675)
Charged to profit or loss	(631,441)
	<hr/>
At end of year	(2,486,116)
	<hr/>

The provision for deferred taxation is made up as follows:

Deferred tax liabilities

	Group 2021 £	Group 2020 £
Accelerated capital allowances	(261,289)	(144,421)
Rollover relief on disposed property	(806,737)	(613,120)
Revaluation of properties	(2,144,333)	(1,097,134)
	<hr/>	<hr/>
	(3,212,359)	(1,854,675)
	<hr/>	<hr/>

Deferred tax assets

	Group 2021 £	Group 2020 £
Tax losses	726,243	-
	<hr/>	<hr/>
	726,243	-
	<hr/>	<hr/>

Certain Group companies have tax losses available for offset against future profits of approximately £5,027,549 (2020 - £6,842,500). Of these losses, a potential deferred tax asset of £530,645 (2020 - £1,300,075) using a rate of 25% (2020 - 19%) has not been provided for in respect of these losses.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

25. Provisions

Group

	Provision for remedial work £
At 1 October 2020	20,638,548
Charged to profit or loss	2,273,929
At 30 September 2021	22,912,477

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

	2021 £	2020 £
Allotted, called up and fully paid		
358,776 (2020 - 358,776) A Ordinary shares of £1.00 each	358,776	358,776
180 (2020 - 180) B Ordinary shares of £1.00 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 have a separate dividend entitlement.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

27. Reserves

Called up share capital

This reserve represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

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 (2020 - £9,281,484).

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 2021

29. Related party transactions

During the year the Group and Company entered into transactions and hold 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 2021 £	Group 2020 £
Balance due from (to) related party, net of provisions		
Byrne Estates (Chatham) Limited	1,841,210	3,042,232
Byrne Estates Limited	226,741	215,223
Ardmore Contracting (Ireland) Limited	541,484	533,955
Stylo Estates Limited	1,768,931	1,736,592
Georgia Properties Limited	(8,182)	(8,182)
Ardmore Special Projects Limited	149,853	-
	<u>4,520,037</u>	<u>5,519,820</u>

The amount stated above is net of provisions. A provision of £1,200,022 (2020 - £Nil) was made during the year 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 18.

With regards to the debts due from Byrne Estates (Chatham) Limited, Ardmore Contracting (Ireland) Limited and Stylo Estates Limited, the Directors continue to review the market value and development potential of the properties against which the recoverability of the debt is dependent. The Directors of Ardmore Contracting (Ireland) Limited are currently reviewing the strategic options of that company and its property portfolio.

Amounts owing from trusts based in Gibraltar (of which C J and P J Byrne are the beneficiaries) at the year end totalled £Nil (2020 - £Nil) and are included in other debtors. Amounts owed to the Group are interest free and repayable on demand.

At the Statement of Financial Position date there were amounts due to C J Byrne and P J Byrne totalling £428,369 (2020 - £394,922). Dividends of £1,400,000 (2020 - £1,500,000) 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 £2,367,118 (2020 - £2,381,000) including EBT awards of £Nil (2020 - £Nil).

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

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 2021 was £Nil (2020 - £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 (2020 - £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.

33. Analysis of net debt

	At 1 October 2020 £	Cash flows £	At 30 September 2021 £
Cash at bank and in hand	90,466,353	23,112,503	113,578,856
Bank overdrafts	-	-	-
	<u>90,466,353</u>	<u>23,112,503</u>	<u>113,578,856</u>

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.