

Ardmore Group Limited

Annual Report and Financial Statements

Year ended

30 September 2023

Company Number 10379475

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Ardmore Group Limited
Annual report and financial statements
for the year ended 30 September 2023

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Directors	C J Byrne P J Byrne
Registered number	10379475
Registered office	6 Wharf Studios 28 Wharf Road London N1 7GR
Auditor	MHA 2 London Wall Place London EC2Y 5AU
Bankers	Natwest Group (principal banker) Lloyds Bank plc Handelsbanken

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

The directors present their strategic report together with the audited consolidated financial statements for the year ended 30 September 2023.

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. In addition to the main construction operations, the Group manufactures joinery, steel and masonry products, and holds a portfolio of commercial and residential properties.

The Company's principal activity is that of a holding Company.

Nature of the business

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

After 7 years of the Group consistently reporting operating profits, 2023 ends that run in what has been a challenging year particularly for the Construction Group of Companies. Reflecting on the events that have contributed to the disappointing results we can point largely to three factors; supply chain inflation, supply chain failures and some poor management.

The combination of disruption to global supply during the Covid pandemic, the fiscal measures to combat the threat of deflation and volatility of energy market caused by the conflict in Ukraine have all driven inflation, the likes of which we have not seen in the developed world for decades. The rising cost of materials and labour have ravaged all parts of the construction supply chain on fixed price contracts resulting in many corporate failures. Interest rates has been the principal tool used by all but a few western economies to respond, and although this also adds borrowing costs to businesses, it has cooled demand.

Performance

Turnover in the year was £403.1m (2022 - £435.1m) and although the second highest level of activity in the Group's history it was significantly behind the £447.8m expected at the start of the year. Difficulties building momentum on four key jobs and delayed contract awards both contributed to the shortfall.

While inflation has eroded margin across all jobs, the supply chain failures has heavily impacted the margins on three key projects. Two of these three reacted well to the failures but the other fell well short. Following an internal review several structural changes have been made to avoid a recurrence.

The manufacturing activities slowed down in tandem with the construction projects but with the recent contract awards this is expected to be a temporary situation. Although the joinery and stone both continue to generate modest profits, the steel division, carrying additional overheads, is reporting small losses.

The relatively low risk nature of the property group activities sees the profits continue to be generated from a stable tenancy and revaluation of the portfolio has returned a welcome gain. A brief explanation of these is set out below.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

In the absence of a rigorous and purely commercial review of overheads together with the impact of inflation the base cost of the Group has grown. The opportunities for rationalising IT, Legal, Facilities and Transport costs have not been taken and this, together with inflation, has impacted the result.

Working Capital and Trading Facilities

Naturally, poor performing jobs, delayed contract awards, remedial works obligations and advance payments continue to call on the Group's cash reserves. Final accounts on two key jobs are making progress but remain outstanding. Without the delay negotiations on two key loss and expenses claims and challenges recovering overdue retentions the position would be significantly different.

Despite the above demands the Group's cash reserves remain good.

The failure of major UK contractors has alarmed the supply chain, credit market and customers alike. The bond market has also become much more cautious because of these failures, but we are in regular contact with our group of Surety companies and retain our current facilities.

Net assets and reserves

The annual revaluation exercise has returned mixed results; the residential property has fallen (consistent with markets reports) and commercial office spaces has remained largely unchanged. The commercial value of the open space units (warehouses and factory) however have continued to improve. Although we did see some signs of this when reporting 2022, we adopted a more cautious/prudent approach holding the values at 2021 levels. This year we will recognise these gains which has mitigated the impact of the trading losses.

Although the losses has eroded the Group's net assets the working capital remains good with current ratio of 2.5 : 1 (2022 – 1.6 : 1).

Outlook

The Group's orderbook of construction works is very good with the recent awards of £530m across five contracts; achieving c£400m in 2024 should be achievable. Of the two remaining problem jobs, both should be complete within Q1 of the financial end 30th September 2024.

The trade credit and performance bond market will be key to activity in the construction sector. The performance bond market is understandably cautious, but remain supportive, maintaining the Group's current facility levels. The Group will aim to further improve its' engagement with the trade credit market to ensure effective use of the facility and will continue to provide both (credit and bond) with clear insight into the performance of the Group.

With UK interest rates at current levels the London residential market has cooled and has reduced the inflationary pressure experienced in the past 24 months. The expectation is for this to feed through to build costs which should see some margin improvement. There are also some other signs the pendulum is beginning to move in the opposite direction. These occasional signals are not yet enough of a comfort to a bruised sector, but it is now time for the clear thinkers to look to the future.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

Health and Safety

The Ardmore Group have recently successfully reached the milestone of 1 Year (equating to over 7 million working hours) without a reportable injury or dangerous event. This is an astonishing achievement and a new business record. Over the last year we have continued to embed a robust reporting culture within the business which fosters trust, independence, ease of reporting and, above all, transparency.

Transparency concerning incidents has been our goal, which has allowed us to establish learnings without dealing with an injury and it is clear to see that our reportable statistics reflect this. While the implementation of the system has been challenging, its cost-effectiveness is undeniable: by preventing accidents, it saves injury and reduces the financial burden. Recently we have added an additional reporting measure of identifying if our supply chain is involved with a near miss or incident notified; this allows us to trend repeat supply chain offenders and highlight any concerns with our supply chain partner's Health and Safety performance.

As a business, we are always committed to achieving high-quality standards, and our mission is to protect our workforce and the environment in which we operate. We have recently successfully certified to ISO45001:2018, ISO 9001: 2015 & ISO 14001: 2015 – HSQE Integrated Management System with our new UKAS-accredited provider, Alcumus ISOQAR. These certificates demonstrate our commitment to the Safety of our employees, supply chain partners, and customers, as well as our ongoing drive to lead the field in Health, Safety, Environment & Well-being, an international standard that demonstrates our commitment to our employees, as well as providing a safe working environment.

Our vision is to prioritise the thought processes that take place before any decision is made. We believe that engaging with people and ensuring they make the right decisions in the first instance is critical to achieving our objective of cultivating a culture and work approach focused on the prevention of harm in everything that we do. In support of our vision, we will enforce the strategic objectives to:

1. Continue to strengthen risk management in all areas
2. Demonstrate enhanced commitment through leadership
3. Raise site standards
4. Actively engage with our workforce
5. Drive cultural change through the business
6. Promote mental health awareness and influence the industry
7. Ensure clear and effective communication at every level
8. Demonstrate legal compliance

Ardmore have recently reviewed and improved our Project Controls to ensure that planners, project managers or and other members of the project team undertaking planning and project control roles follow a general set of rules to ensure common standards across all sites and projects. These minimum expectations are intended to promote best practices and reinforce a robust approach to the timely delivery of projects for our customers. By carefully following this procedure, we will reduce the risk and increase the likelihood of safe delivery of all our projects.

Finally, we have launched a new robust, proven risk assessment review process, focused on proactive hazard identification and risk control for all of our activities. Elimination of risks through design, where practical, is always our first and preferred option to legislate against any potential safety issues. The procedure has been developed in accordance with the ERIC (Eliminate, Reduce, Isolate, and Control) hierarchy of hazard control measures. Our priority is proactively protecting our workforce and the public from any potential risk by undertaking comprehensive risk assessments before work. We have rigorous procedures that maintain control of all activity and site risks to establish safe systems of work at all times.

Our risk assessment procedure is continuously subjected to rigorous monitoring, review, and enforcement, with lessons learned and any improvements immediately implemented and communicated to other sites. We use detailed risk assessments to ensure likely hazards and risks are identified with plans developed to mitigate and manage them. Point of work assessments are carried out on all sites prior to tasks being undertaken, ensuring that the workforce understands any associated risks and how they should be controlled. Risk assessments, work package plans, and task briefing sheets are discussed and signed by all members of staff to acknowledge that they fully understand each task, its risks and controls.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

People and awards

Having experienced some instability in HR leadership in the prior year, the team is now led by a newly internally appointed head of HR. The team includes experienced specialists bringing a wealth of experience from construction and manufacturing industries.

Culture

After introducing the Ardmore values in May 2023, the company engaged a 'people consultancy' with the remit of assisting the business with the values implementation and improving the quality of the brand, both internally and externally to the desired standard.

The feedback from the Best Companies survey conducted in the summer of 2023 focuses on three areas: 'wellbeing' (mental and physical health in the workplace), 'my manager' (impact of the manager-employee relationship on overall job satisfaction) and 'my team' (cohesion and collaboration). The HR team are facilitating sessions with project teams to process the feedback and build a relevant actionable plan based on the feedback received.

This approach shows Ardmore's commitment to employee-centric strategies, fostering a healthy work environment, and continuously improving team dynamics. It highlights the value placed on employee feedback and the proactive steps taken to address identified areas for enhancement.

Resourcing

One of the key strategic decisions was the change in the resourcing team structure. Ardmore's recruitment is led by the Group Talent Acquisition manager and the focus has shifted from reactive hiring to a planned and selective approach to recruitment. We continue to prioritise direct recruitment consistently exceeding the target of 80/20 ratio (of direct vs agency hires), and work with external partners with an influencing capability within the construction network.

Learning and development

A further focus of 2023 was on rebuilding L&D foundations post-Covid, aided by administrative support to address training requests.

The organisation transitioned from annual PDRs to continuous quarterly check ins for structured developmental feedback. This is a significant change in the way of operating and managing, and we continue to take feedback and adapt the process to respond to the needs of the business.

There are two focal areas for the upcoming year: organisational clarity and management development. Organisational clarity starts a consistent project organisational structure with clearly defined roles and competencies so that these become a reference for career mapping and career development conversations. Management development will be the most time intensive area for the team and is imperative for the business to address higher than desired staff turnover.

HRIS

The selection process started afresh in May 2023 and the transition to a new system will be in earnest in the new year.

Recruitment and disabilities

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.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

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:

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.

Supply chain

The Group's supply chain is a key element of business operations. The risk of supply chain failure continues to increase and can have a significant impact on projects. The Group manages this risk wherever possible with proactive engagement of the supply chain, and robust monitoring, including a newly introduced PQQ (pre-qualification questionnaire) and due diligence process, and contingency plans where appropriate.

Political and economic risks

The Group follows industry best practice in its operations and on its sites. Any changes to the legislative environment may impact the Group. The Group is also impacted by UK direct and indirect tax changes, together with inflation and government actions to manage or mitigate this. The Group manages these risks wherever possible through active management an engagement with stakeholders, reforecasting and monitoring for changes in the wider environment.

Financial risk management objectives and policies

The Group is exposed to a variety of financial risks including liquidity and credit risk. The Group has in place a risk management programme that seeks to limit any adverse effect on the financial performance of the Group.

Credit risk

The Group's financial assets are 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 focussing on the implications for liquidity and profitability. These are closely monitored by the board with remedial action taken as and when required.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

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

The Group is not required to adopt an official recognised corporate governance code. However the directors continue to utilise an internal corporate governance code which established rules and guidelines for strategic, commercial, financial, legal and employment matters. These duties are detailed in the section 172 statement below.

This report sets out how the directors of the Group and Company comply with the requirements of section 172 of the UK Companies Act 2006 and how these requirements have been considered as part of the Board's decision making throughout the year.

Decision making

The Board consider, both individually and together, that they have acted in the way they consider good faith and promote the success of the company and group 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 arising at recommended business decisions consistent with the strategy.

People

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

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

Business relationship

The Group strategy is focussed 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 Group also recognises the value of all suppliers as they are key in enabling the Group 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 payment terms and behaviours don't prevent them from achieving their goals.

Supply chain management continues to be a focus for management and site teams. During the year the Company introduced new procedures for supply chain engagement and monitoring, including a PQQ (pre-qualification questionnaire) and due diligence process. The Company maintains a close working relationship with its supply chain.

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 interacts.

Ardmore Group Limited

Group strategic report for the year ended 30 September 2023

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 Group embraces diversity, flexibility, sustainability and continuous improvement throughout the organisation. The Group has a customer centric philosophy with transparent, fair and simple processes. The Board and 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.

Shareholders

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

Approval

This report was approved by the Board on 15 December 2023 and signed on its behalf.



P J Byrne
Director

Ardmore Group Limited

Directors' report for the year ended 30 September 2023

The directors present their report together with the audited financial statements for the year ended 30 September 2023.

Principal activities, review of business and future developments

The Group's principal activity is that of a main contractor for the construction of residential and commercial developments in the UK. In addition to the main construction operations, the Group manufactures joinery, steel and masonry products, and holds a portfolio of commercial and residential properties.

The Company's principal activity is that of a holding company.

See the Strategic Report which covers the business update, future developments and financial risk management.

As permitted by paragraph 1A of schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report.

Results and dividends

The loss for the year, after taxation, amounted to £10.9m (2022 - £5.1m profit).

The directors approved an interim dividend of £2.226 (2022 - £2.226) per ordinary A share and £3,896.50 (2022 - £3,896.50) per ordinary B share for the year ended 30 September 2023. No final dividends were approved in the current or prior year.

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 and Company have 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 details regarding the directors' going concern assessment have been provided in note 2.

Subsequent 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

The above directors are covered by the Group's directors' and officers' indemnity insurance.

Ardmore Group Limited

Directors' report for the year ended 30 September 2023

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group continues to be committed to reducing its environmental impact and during the year appointed an external consultant to verify and validate its Carbon Baseline across all Scopes. The data for 2022 has been updated accordingly and now includes a complete dataset inclusive of fleet and transport that was previously excluded.

Energy efficiency actions

Energy efficiency actions during this period include a formalised commitment to green tariffs, which expanded during the year with renewable energy procured during the final month of the financial year accounting for 82% of the total electricity consumption during that month.

Hybrid and electric vehicles continue to be phased into fleet and alternatives to diesel on site are being considered.

Interim findings from the Group ESOS Audits have been discussed and recommendations including lighting upgrades and pv and battery cells on sites will be considered. Both vehicle renewal, and the commitment to green tariffs, together with the above findings, will continue to be a focus for the Group in the coming year.

Reduction targets have been incorporated into the corporate KPIs and will be monitored and managed accordingly. The below data continues to cover the entire Ardmore Construction Group with 2023 performance showing an absolute reduction of 163.75tCO₂e.

	2023	2022
Scope 1 emissions (kWh)**	3,580,163	5,555,736
Scope 2 emissions (kWh)**	6,114,435	5,546,259
UK energy use (kWh)	9,694,598	11,101,995
GHG emissions (tCO ₂)	1,734	1,898
Intensity ratio*** (kgCO ₂ /£k)	4.32	4.37

* The carbon intensity of procured electricity is based on energy company declarations where known as opposed to GHG averages. Source data for Scope 1 emissions included meter readings and consumption reports. The methodology for the GHG calculations follows the published GHG Protocol.

** Scope 1 includes gas for heating of properties (2023: 1,181,385.7kWh 2022: 891,842 kWh), white diesel for site use including Non-Road Mobile Machinery (NRMM) and Generators (2023: 105,454.985L 2022: 310,490L) and fuel used in fleet (2023: 124,570.58L 2022: 130,839.79L). Scope 2 relates fully to the procurement of electricity.

***Total emissions divided by construction revenue

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

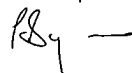
Disclosure of information to auditor

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.

Approval

This report was approved by the board on 15 December 2023 and signed on its behalf.



P J Byrne
Director

Ardmore Group Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 Company and 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ardmore Group Limited
Independent Auditor's Report
for the year ended 30 September 2023

TO THE MEMBERS OF ARDMORE GROUP LIMITED

Opinion

We have audited the financial statements of Ardmore Group Limited ("the parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and the Company Statements of Financial Position, the Consolidated and the Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2023, and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Ardmore Group Limited

Independent Auditor's Report (continued) for the year ended 30 September 2023

TO THE MEMBERS OF ARDMORE GROUP LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 the directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Ardmore Group Limited

Independent Auditor's Report (continued) for the year ended 30 September 2023

TO THE MEMBERS OF ARDMORE GROUP LIMITED (continued)

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:

- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Atul Kariya FCCA (Senior Statutory Auditor)

for and on behalf of
MHA
Statutory Auditors

London

Date: 3 January 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

Ardmore Group Limited

Consolidated statement of comprehensive income for the year ended 30 September 2023

	Note	2023 £'000	2022 £'000
Revenue	4	403,103	435,095
Cost of sales		(395,529)	(406,797)
		<hr/>	<hr/>
Gross profit		7,574	28,298
Other operating income	5	172	167
Administrative expenses		(23,605)	(22,671)
Changes in fair value of investment property	12	487	661
Remeasurement of stock property transferred to investment property	12	3,729	-
		<hr/>	<hr/>
Operating (loss)/profit	6	(11,643)	6,455
Interest receivable and similar income	8	893	91
		<hr/>	<hr/>
(Loss)/Profit before tax		(10,750)	6,546
Tax expense	9	(105)	(1,402)
		<hr/>	<hr/>
(Loss)/Profit for the financial year attributable to owners of the parent company		(10,855)	5,144
Unrealised gain on revaluation of tangible fixed assets, net of tax	11	9,602	-
		<hr/>	<hr/>
Total comprehensive income for the financial year attributable to owners of the parent company		(1,253)	5,144
		<hr/>	<hr/>

The notes on pages 20 to 38 form part of these financial statements.

Ardmore Group Limited

Consolidated statement of financial position as at 30 September 2023

Company number: 10379475	Note	2023 £'000	2023 £'000	2022 Restated* £'000	2022 Restated* £'000
Fixed assets					
Intangible assets	13		194		225
Tangible fixed assets	11		41,141		28,928
Investment property	12		39,658		33,529
			<u>80,993</u>		<u>62,682</u>
Current assets					
Stocks	16	3,619		7,269	
Debtors: falling due after one year	17	16,408		15,912	
Debtors: falling due within one year	17	101,873		88,394	
Cash and cash equivalents	18	84,294		93,712	
		<u>206,194</u>		<u>205,287</u>	
Current liabilities					
Creditors: falling due within one year	19	(75,775)		(116,828)	
		<u></u>		<u></u>	
Net current assets			<u>130,419</u>		<u>88,459</u>
Total assets less current liabilities			<u>211,412</u>		<u>151,141</u>
Non-current liabilities					
Creditors: falling due after one year	19		(19,425)		(18,297)
Provisions for liabilities					
Deferred tax liability	22	(6,592)		(3,173)	
Other provisions	21	(120,618)		(62,141)	
		<u></u>	<u>(127,210)</u>	<u></u>	<u>(65,314)</u>
NET ASSETS			<u>64,777</u>		<u>67,530</u>
Capital and reserves					
Share capital	23		359		359
Share premium			12		12
Revaluation reserve			30,933		17,237
Merger reserve			3,053		3,053
Retained earnings			30,420		46,869
			<u>64,777</u>		<u>67,530</u>
TOTAL EQUITY			<u>64,777</u>		<u>67,530</u>

The financial statements were approved and authorised for issue by the Board of Directors on 15 December 2023 and were signed on its behalf by:

P J Byrne 
Director

The notes on pages 20 to 38 form part of these financial statements.

*See note 2C for details of the prior year restatement – this is purely a presentational adjustment to reclassify accruals to provisions.

Ardmore Group Limited

Consolidated statement of cash flows for the year ended 30 September 2023

	Note	2023 £'000	2022 Restated £'000
Cash flows from operating activities			
(Loss)/Profit for the year		(10,855)	5,144
<i>Adjustments for:</i>			
Amortisation of intangible fixed assets	13	31	46
Depreciation of tangible fixed assets	11	714	680
Loss on disposal of fixed assets		36	17
Interest receivable and similar income	8	(893)	(91)
Fair value movement on revaluation of investment property	12	(4,216)	(661)
Tax expense	9	105	1,402
		(15,078)	6,537
Increase in trade and other receivables		(13,756)	(23,508)
Decrease/(Increase) in stocks		1,737	2,015
(Increase)/Decrease in trade and other payables		(42,724)	(3,441)
Increase in provisions		61,284	14,074
Cash (used in) operations		(8,537)	(4,323)
Income taxes paid		(114)	(3,333)
Net cash flows (used in) operating activities		(8,651)	(7,656)
Investing activities			
Purchases of Tangible fixed assets	11	(160)	(841)
Purchases of investment property	12	-	(9,950)
Purchase of intangible assets	13	-	(20)
Interest received	8	893	91
Net cash from/(used in) investing activities		733	(10,720)
Financing activities			
Dividends paid to the holders of the parent	10	(1,500)	(1,500)
Net cash used in financing activities		(1,500)	(1,500)
Net (decrease) in cash and cash equivalents		(9,418)	(19,876)
Cash and cash equivalents at beginning of year		93,712	113,588
Cash and cash equivalents at end of year	18	84,294	93,712

The notes on pages 20 to 38 form part of these financial statements.

Ardmore Group Limited

Consolidated statement of changes in equity For the year ended 30 September 2023

	Share capital £'000	Revaluatio n reserves £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 October 2021	359	16,576	43,886	3,065	63,886
Profit for the year	-	-	5,144	-	5,144
Unrealised revaluation gain on fixed assets	-	-	-	-	-
Changes in fair value of investment property	-	661	(661)	-	-
Total comprehensive income for the year	-	661	4,483	-	5,144
Dividends	-	-	(1,500)	-	(1,500)
Total transactions with owners	-	-	(1,500)	-	(1,500)
At 30 September 2022	359	17,237	46,869	3,065	67,530
Loss for the year	-	-	(10,855)	-	(10,855)
Unrealised revaluation gain of fixed assets	-	9,602	-	-	9,602
Changes in fair value of investment property	-	4,094	(4,094)	-	-
Total comprehensive income for the year	-	13,696	(14,949)	-	(1,253)
Dividends	-	-	(1,500)	-	(1,500)
Total transactions with owners	-	-	(1,500)	-	(1,500)
At 30 September 2023	359	30,933	30,420	3,065	64,777

The notes on pages 20 to 38 form part of these financial statements.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

1 General information

Ardmore Group Limited is a private company limited by shares and incorporated in England and 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

A. Basis of preparation

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 ("FRS 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 FRS102 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 consolidated financial statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The following principal accounting policies have been applied:

B. Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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.

C. Prior period adjustment

The comparative financial statements have been restated for the reclassification of certain contract provisions which were previously included in creditors due in less than one year. The directors consider the treatment of these contract provisions is more accurately represented within the provisions heading.

This results in a reduction of creditors due in less than one year of £2,807,000, and an increase in net current assets and provisions of an equal amount. There is no change to net assets, nor the reported result.

D. 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. Any differences between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them are taken to reserves.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

E. 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 Company and 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. The directors regularly review the working capital requirements of the Company and the Group whilst reviewing sensitivities in 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 and the wider economy, the Group has remained profitable and cash generative. This is expected to continue and the directors are anticipating that next year the Ardmore Group will record strong turnover and profitability. These forecasts include the anticipated impacts of continued margin pressure.

The directors have prepared a cash flow forecast for 12 months from the date of approval of these financial statements and consider the Group has sufficient cash reserves to continue trading throughout this period with significant headroom.

The directors of the Company recognise the economic and trading uncertainties and have considered a range of potential scenarios of escalating impact and duration including a significant contract loss, 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 directors consider that the Group would be able to continue trading for at least 12 months from the date of the financial statements without needing to implement significant cash mitigation measures.

The directors have a reasonable expectation that the Company 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.

F. Turnover

Turnover represents consideration receivable, net of VAT and discounts, on the Group's activities.

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 Group's surveyors in liaison with third parties.

Turnover from contract variations 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 building 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 Group.

Investment property rental income

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

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

G. Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

H. Finance income and costs

Finance income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

Finance costs

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

I. Government grants

Government grants are accounted under the accruals model as permitted by FRS102. Government grants are recognised in the Consolidated statement of comprehensive income as other income in the same period as the related expenditure.

J. Employee benefits

Pensions

The Group operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The assets of the plan are held separately from the Group in independently administered funds. Once the contributions have been paid the Group has no further payment obligations.

Contributions to defined contribution pension schemes are charged to the Consolidated statement of comprehensive income in the year to which they relate.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

K. Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except for a charge attributable to an item of income or expense recognised within other comprehensive income or to an item recognised directly in equity, which are recognised in other comprehensive income or equity respectively.

Current tax

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.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting state, except for:

- 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 interest in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent timing 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 value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

L. Intangible assets

Intangible assets relate to externally acquired software. Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and impairment losses. Amortisation is recognised in administrative expenses.

All intangible assets are considered to have a finite useful life and are amortised using a 15% reducing balance method.

M. Tangible fixed assets

Tangible fixed assets other than land and buildings are stated at historical cost less accumulated depreciation and 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. Depreciation is provided on the following basis:

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

Freehold land is not depreciated. Land and Buildings are held at valuation, see below.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

The assets' residual values, useful lives and depreciation methods are reviewed regularly or if there is a significant change since the last reporting date. Any change in accounting estimate is adjusted prospectively.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

N. Revaluation of tangible fixed assets

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

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

Revaluation gains and losses are recognised as other comprehensive income 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.

O. 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 profit or loss within the Consolidated statement of comprehensive income.

Investment property held in individual entity financial statements as investment proper in which the asset is used by other group companies are presented as tangible fixed assets on consolidation to reflect the usage by the Group.

P. Impairment

At each reporting date the Group assess 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.

Q. Current asset investments

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

R. Stocks

Stocks are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to complete and sell.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Cost is based on the cost of raw materials on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Cost of stock properties is calculated at the original purchase cost together with other attributable costs of the purchase, including finance costs where applicable.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

S. Financial instruments

The Group has no financial instruments recognised at fair value. The Group's policies relating to financial assets and liabilities are summarised below.

Financial assets

Financial assets are measured initially at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

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

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.

Debt instruments that are receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Trade debtors are monitored for indicators of impairment. Impairment provisions are assessed by management and are recognised on specific trade receivables when required. Impairment provisions for trade debtors are recognised in the Consolidated statement of comprehensive income in administrative expenses.

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are measured initially at transaction price (including transaction costs) and subsequently held at amortised cost.

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

Debt instruments that are payable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Long term contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the Consolidated statement of comprehensive income 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 as long term contract balances.

The amount by which 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 basis 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 provisions.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023

T. Provisions

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 the Group becomes aware of the obligation, and is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, taking into account relevant risks and uncertainties.

When the settlement is made, this is deducted from the provision previously recognised.

A reimbursement asset is recognised where it is virtually certain that the group will receive the reimbursement on settlement of the obligation. Amounts are credited to the Consolidated statement of comprehensive income when the recognition criteria is met, and subsequent recoveries are deducted from the asset.

U. Operating leases - lessor

The Group utilise operating leases, primarily relating to property. The Group have no finance leases.

Rentals received under operating leases are credited to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits given as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from using the leased asset.

V. Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

W. Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (*continued*)

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 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.

Estimates and assumptions

- 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 reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as the future market conditions, the remaining life of the asset and projected disposal values.
- Investment property and properties included in tangible fixed assets are valued by the Directors using a yield methodology. This uses estimates on the likely sales proceeds upon disposal of the properties, as such there is an inevitable degree of judgement included.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (*continued*)

4 Revenue

All revenue arose within the United Kingdom.

	2023 £'000	2022 £'000
An analysis of turnover by class of business is as follows:		
Construction contracts	401,532	434,072
Investment property rental income	1,571	1,023
	<u>403,103</u>	<u>435,095</u>

5 Other operating income

	2023 £'000	2022 £'000
Other property rental income	172	167
	<u>172</u>	<u>167</u>

6 Operating profit

	2023 £'000	2022 £'000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	714	680
Amortisation of intangible assets	31	46
Operating lease rentals	384	295
	<u>1,129</u>	<u>1,021</u>
Fees payable to the Company's auditor for:		
- Audit of the Company's annual accounts	35	28
- Audit of the Company's subsidiaries pursuant to legislation	161	130
- Non audit services – Taxation compliance services	44	40
- Non audit services – Other services	12	-
	<u>252</u>	<u>208</u>

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

7 Employees

	2023 £'000	2022 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	35,332	31,510
Social security contributions	3,855	3,517
Defined contribution pension cost	1,124	919
	<u>40,311</u>	<u>35,947</u>
	2023 No.	2022 No.
The average number of employees during the year was as follows:		
Directors	2	2
Production and technical	397	337
Administrative	116	93
	<u>515</u>	<u>432</u>

Pension

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 expense in the year is shown above. Contributions payable to the fund outstanding at the balance sheet total £336,000 (2022 - £336,000).

Directors' remuneration

	2023 £'000	2022 £'000
Emoluments	1,364	1,233

The highest paid director received remuneration of £682,000 (2022 - £633,000).

No directors are accruing pension benefits under company pension schemes.

Key management personnel compensation

Key management personnel include all directors and a number of senior management across the Group who together have authority and responsibility for planning, directing and controlling Group activities.

	2023 £'000	2022 £'000
Salary	3,007	2,250

Ardmore Group Limited

Notes forming part of the consolidated financial statements
for the year ended 30 September 2023 (*continued*)

8 Interest receivable and similar income

	2023 £'000	2022 £'000
Bank interest receivable	893	91
	<u>893</u>	<u>91</u>

9 Tax expense

	2023 £'000	2022 £'000
Current tax expense		
Current tax on profits for the year	-	616
Adjustments in respect of previous periods	(114)	-
	<u>(114)</u>	<u>616</u>
Total current tax	(114)	616
Deferred tax expense		
Origination and reversal of temporary differences	219	804
Adjustments in respect of previous periods	-	(117)
	<u>219</u>	<u>687</u>
Total deferred tax	219	687
Total tax charge for the year	105	1,402

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023 £'000	2022 £'000
Profit for the year	(10,749)	6,546
	<u>(10,749)</u>	<u>6,546</u>
Tax using the Company's domestic tax rate of 22% (2022 - 19%)	(2,365)	1,244
Expenses not deductible for tax purposes	205	275
Tax losses where no deferred tax asset recognised	2,235	-
Adjustment for under/(over) provision in previous periods	-	(117)
Remeasurement of deferred tax for changes in tax rate	30	-
	<u>105</u>	<u>1,402</u>
Total tax charge for the year	105	1,402

A deferred tax charge amounting to £3,200,000 (2022 - £Nil) related to the revaluation gain on fixed asset properties has been taken directly to other comprehensive income.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

10 Dividends

	2023 £'000	2022 £'000
<i>Interim paid</i>		
A Ordinary paid of £2.226 (2022 - £2.226) per share	799	799
B Ordinary paid of £3,896.50 (2022 - £3,896.50) per share	701	701
	<u>1,500</u>	<u>1,500</u>

11 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 October 2022	25,901	8,879	242	2,706	37,728
Revaluation gain	12,803	-	-	-	12,803
Additions	-	158	-	2	160
Disposals	-	(61)	-	-	(61)
	<u>38,704</u>	<u>8,976</u>	<u>242</u>	<u>2,708</u>	<u>50,630</u>
At 30 September 2023	38,704	8,976	242	2,708	50,630
Depreciation					
At 1 October 2022	185	6,220	138	2,257	8,800
Charge for the year	-	472	21	221	714
On disposals	-	(25)	-	-	(25)
	<u>185</u>	<u>6,667</u>	<u>159</u>	<u>2,478</u>	<u>9,489</u>
At 30 September 2023	185	6,667	159	2,478	9,489
Net book value					
At 30 September 2022	25,716	2,659	104	449	28,928
At 30 September 2023	<u>38,519</u>	<u>2,309</u>	<u>83</u>	<u>230</u>	<u>41,141</u>

Land and buildings totalling £38,519,000 (2022 - £25,716,000) have been valued at open market value at the reporting date by C J Byrne and P J Byrne, who are directors of the Group, with reference to independent valuation reports. 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.

Net book value of land and buildings is further analysed as:

	2023 £'000	2022 £'000
Freehold	31,173	18,179
Leasehold	7,346	7,537
	<u>38,519</u>	<u>25,716</u>

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

12 Investment property

	2023 £'000	2022 £'000
Valuation		
At 1 October	33,529	20,118
Additions	-	12,750
Transfer from stock properties	1,913	-
Surplus on revaluation	4,216	661
	<hr/>	<hr/>
At 30 September	39,658	33,529
	<hr/>	<hr/>

The Group's investment properties have been valued to fair value based on market value at the reporting date by C J Byrne and P J Byrne, who are directors of the Group. The directors are qualified to make valuations on the basis of their knowledge of the commercial and residential property markets. In making the valuation, the directors have considered the value in use of the properties, present market conditions, and advice from internal and external valuation specialists.

Stock properties costing £1,913,000 were transferred to investment property in the year. The market value of the properties at transfer totals £5,642,000 with the revaluation surplus recognised in the income statement.

Net book value of investment properties is further analysed as:

	2023 £'000	2022 £'000
Freehold	26,650	20,521
Leasehold	13,008	13,008
	<hr/>	<hr/>
	39,658	33,529
	<hr/>	<hr/>

If investment properties had been accounted for under the historic cost accounting rules, the properties would have a historic cost of £29,073,000 (2022 - £27,161,000).

The Group had annual lessor income commitments on its externally rented investment properties of:

	2023 £'000	2022 £'000
Less than one year	1,502	763
1 to 5 years	-	117
	<hr/>	<hr/>
	1,502	880
	<hr/>	<hr/>

Ardmore Group Limited

Notes forming part of the consolidated financial statements
for the year ended 30 September 2023 (*continued*)

13 Intangible assets

	Total £'000
Cost	
At 1 October 2022	296
Additions - purchased	-
	<hr/>
At 30 September 2023	296
	<hr/>
Accumulated amortisation	
At 1 October 2022	71
Amortisation charge	31
	<hr/>
At 30 September 2023	102
	<hr/>
Net book value	
At 30 September 2022	225
At 30 September 2023	194
	<hr/>

14 Investments

The Group holds a £1 (2022 - £1) investment in a dormant joint venture, Ardmore First Base Partnership Limited. The Groups interest is 50% of the ordinary share capital, and the registered office is the same as that shown on the company information page.

15 Subsidiaries

The subsidiaries of Ardmore Group Limited, which are wholly owned directly unless stated by *, have been included in these consolidated financial statements, are as follows:

Name	Principal activity
Ardmore Construction Group Limited	Holding company
Ardmore Construction Limited*	General builder
Ardmore Major Project Limited*	General builder
Landmark Facades Limited*	General builder
Ardmore Hotels & Commercial Limited*	Dormant
Ardmore Regeneration Limited** *	Dormant
Ardmore Fitout Limited*	General builder
Paddington Construction Limited	Manufacturing
British Contractors Plant Limited	Dormant
Systemhaven Limited	Holding company
Byrne Properties Limited*	Property investment and development
Celebration Homes Limited*	Property investment and development
Byrne Estates (Kensal Green) Limited*	Property development
Kensal Green Management Company Ltd*	Dormant

The registered office of all subsidiaries is the same as the Company.

* denotes 100% indirectly owned.

** The subsidiary has claimed the exemption from audit under s479A of the Companies Act 2006.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

16 Stocks

	2023 £'000	2022 £'000
Raw materials and consumables	1,530	3,888
Work-in-progress	1,484	912
Finished goods and goods for resale	605	556
Development properties	-	1,913
	<u>3,619</u>	<u>7,269</u>

Development properties were transferred to investment properties in the year, see note 12.

17 Debtors

	2023 £'000	2022 £'000
Due after more than one year		
Trade debtors	16,408	15,912
	<u>16,408</u>	<u>15,912</u>
Due within one year		
Trade debtors	34,964	53,551
Amounts owed by related parties (see note 25 and below)	2,597	4,412
Other debtors	31,516	2,479
Corporation tax recoverable	2,840	2,621
Prepayments and accrued income	2,357	3,004
Amounts recoverable on long term contracts	27,599	22,327
	<u>101,873</u>	<u>88,394</u>

The impairment loss recognised in the Consolidated Statement of comprehensive income in respect of bad and doubtful trade debtors was £256,000 (2022 - £200,000) plus £1,841,210 (2022 - £Nil) relating to amounts owed by related parties (see below).

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.

Other debtors include advances to suppliers and employees, supplier deposits, recoupment assets, other advance payments and sundry debtors.

Amounts owed by related parties (net of provisions) included amounts due from Byrne Estates (Chatham) Limited (herein "Chatham"), a related party due to common control. The directors, who have a common interest in the Group and Chatham, have reviewed the recoverability of the receivable at the reporting date and increased the provision by £1.8m (2022 - Nil) resulting in the full receivable of £4.1m being provided against (2022 - £2.3m provision).

Ardmore Group Limited

Notes forming part of the consolidated financial statements
for the year ended 30 September 2023 (continued)

18 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	84,294	93,712

19 Creditors

	2023 £'000	2022 Restated £'000
Due after more than one year		
Trade creditors	19,425	18,297
Due within one year		
Payments received on account	3,980	3,363
Trade creditors	43,441	41,655
Other taxation and social security	1,707	5,207
Other creditors	352	658
Accruals and deferred income	26,295	65,945
	75,775	116,828

20 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 does not have any financial instruments carried at fair value other than tangible fixed assets – land and buildings (see note 11) and investment property (see note 12). Fair value gains on these assets in the year totalled £6,129,000 (2022 - £661,000) through profit or loss and £12,803,000 (2022 - £Nil) through other comprehensive income.

The Group's income, expense, gains and losses in respect of financial instruments are summarised in notes 8 and 17.

A loan note was settled in the prior year by way of offset against investment properties acquired by the Group. The Loan note reduced the cash paid to acquire these properties, with a £1.1m bad debt recorded on unrecovered loan note interest.

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

21 Provisions

	2023	2022	
	£'000	Restated £'000	
Provision for remedial work	73,858	35,095	
Provision for loss on contracts	46,759	27,046	
At 30 September 2023	120,618	62,141	
Movement in the year:	Provision for remedial work £'000	Provision for loss on contracts £'000	Total £'000
At 1 October 2022 - restated	35,095	27,046	62,141
Net movement charged to profit or loss	40,089	19,713	59,803
At 30 September 2023	73,858	46,759	120,618

Provision for remedial work

The directors, based on internal and external advice, have made a provision for remedial work required on previous projects. The obligation is likely to crystallise more than one year after the balance sheet date, although the timing for settlement of these amounts is uncertain. The provision reflects the anticipated loss to the Group.

Provision for loss on contracts

This provision relates to live contracts where the directors estimate that costs will exceed revenue on a construction contract. The provision reflects the expected loss and is recognized immediately.

22 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2022 - 25%).

The movement on the deferred tax liability is as shown below:

	2023 £'000	2022 £'000
At 1 October	3,173	2,486
Recognised in profit and loss	219	687
Recognised in other comprehensive income	3,200	-
At 30 September	6,592	3,173

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

22 Deferred tax (continued)

The provision for deferred taxation relates to:

	2023 £'000	2022 £'000
Accelerated capital allowances	169	169
Rollover relief on disposed property	807	807
Revaluation of properties	5,687	2,268
Tax losses	(71)	(71)
	<hr/>	<hr/>
Deferred tax liability	6,592	3,173
	<hr/>	<hr/>

Certain Group companies have tax losses available for offset against future profits of approximately £8.0m (2022 - £2.0m) where no deferred tax asset has been provided for due to uncertainty of the timing and extent of utilisation. The unrecognised deferred tax asset totals £2.0m (2022 - £0.5m) using a rate of 25%.

23 Share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
Allotted, called up and fully paid				
A Ordinary shares of £1 each	358,776	359	358,776	359
B Ordinary shares of £1 each	180	-	180	-
	<hr/>	<hr/>	<hr/>	<hr/>

The B Ordinary shares do not carry voting rights, no participation rights in the event of a winding up, other than a return of nominal value, but do have a separate dividend entitlement.

24 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Share capital</i>	Nominal value of the shares issued.
<i>Share premium</i>	The share premium account includes the premium on issue of equity shares above nominal value, net of any issue costs.
<i>Revaluation reserve</i>	This reserve represents the net accumulated unrealised gains in respect of investment properties and properties held as tangible fixed assets.
<i>Merger reserve</i>	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.
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
	Included in the Group retained earnings are non-distributable reserves of £9,281,484 (2022 - £9,281,484).

Ardmore Group Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2023 (continued)

25 Related party transactions

The outstanding balances with related parties are detailed below. Movements in the year relate to cash. Balances are unsecured, interest free and due on demand. All parties are related due to being under common control of C J Byrne and P J Byrne, or their trusts.

	2023 £'000	2022 £'000
Balance due to/(owed by) the Group, net of provisions		
Byrne Estates (Chatham) Limited (see note 17)	-	1,841
Byrne Estates Limited	167	167
Stylo Estates Limited	1,835	1,813
Ardmore Contracting (Ireland) Limited	564	541
Other	31	50
	2,597	4,412

The Group have previously made provisions where amounts are considered irrecoverable. The recoverable amount from Stylo Estates Limited and Ardmore Contracting (Ireland) Limited is supported by a property portfolio in Ireland. There has been no movement in the provision in the current or prior year.

At the reporting date there were amounts due from C J Byrne and P J Byrne totalling £541,808 (2022 - £54,667 due to). Dividends of £Nil (2022 - £Nil) were due to C J Byrne and P J Byrne at the reporting date.

26 Contingent liabilities

The directors have provided for costs based on their best estimate of known claims, investigations and legal action 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 Group cannot make a sufficiently reliable estimate of the potential obligation.

27 Guarantees

The Group has entered into an unlimited cross guarantee in respect of an overdraft facility secured over all the assets of Ardmore Construction Limited, British Contractors Plant Limited and Paddington Construction Limited. The net indebtedness of the above companies in respect of the overdraft facility at the balance sheet date was £Nil (2022 - £Nil).

28 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.

29 Events after the reporting date

There are no material subsequent events that require disclosure.

30 Notes supporting statement of cash flows

Significant non-cash transactions

During the prior year the Group acquired a number of investment properties. The Group offset a £2.8m loan due to the Group from the seller, with the balance paid in cash.

Net debt reconciliation

The Group has no external debt.

Ardmore Group Limited

Ardmore Group Limited

Parent Company
Financial Statements

Year ended 30 September 2023

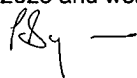
Ardmore Group Limited

Company statement of financial position as at 30 September 2023

Company number: 10379475	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Investments	3		535		535
			<u>535</u>		<u>535</u>
Current assets					
Debtors: falling due within one year	4	36,509		34,561	
Cash and cash equivalents	5	39,524		55,924	
		<u>76,033</u>		<u>90,485</u>	
Current liabilities					
Creditors: falling due within one year	6	(50,170)		(67,262)	
		<u></u>		<u></u>	
Net current assets			<u>25,863</u>		<u>23,223</u>
NET ASSETS			<u>26,398</u>		<u>23,758</u>
Capital and reserves					
Share capital	7		359		359
Share premium			12		12
Retained earnings			26,027		23,387
			<u>26,398</u>		<u>23,758</u>
TOTAL EQUITY			<u>26,398</u>		<u>23,758</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 £4,140,046 (2022 - £2,368,944).

The financial statements were approved and authorised for issue by the Board of Directors on 15 December 2023 and were signed on its behalf by:



P J Byrne
Director

The notes on pages 42 to 43 form part of these financial statements.

Ardmore Group Limited

Company statement of changes in equity For the year ended 30 September 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 October 2021	359	12	22,518	22,889
Profit for the year	-	-	2,369	2,369
Total comprehensive income for the year	-	-	2,369	2,369
Dividends	-	-	(1,500)	(1,500)
Total transactions with owners	-	-	(1,500)	(1,500)
At 30 September 2022	359	12	23,387	23,758
Profit for the year	-	-	4,140	4,140
Total comprehensive income for the year	-	-	4,140	4,140
Dividends	-	-	(1,500)	(1,500)
Total transactions with owners	-	-	(1,500)	(1,500)
At 30 September 2023	359	12	26,027	26,398

The notes on pages 42 to 43 form part of these financial statements.

Ardmore Group Limited

Notes forming part of the company financial statements for the year ended 30 September 2023

1 Basis of preparation

The accounting policies applied by the Company are consistent to those disclosed in note 2 of the Group financial statements where applicable. Where the policies differ, or are additional to those used by the Group, they are explained below.

General information for the Company is consistent with note 1 to the Group financial statements.

The financial statements are presented in sterling (£), which is also the functional currency of the Company. Amounts are rounded to the nearest thousand, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with FRS 102 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to prepare its own profit and loss account.

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:

- 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 equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The Company has taken advantage of the exemption available under FRS 102 and has not disclosed transactions and balances with entities that form part of the group headed by Ardmore Group Limited.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. Where group reconstruction 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 Employees

The Company has 2 (2022 – 2) directors and 9 (2022 – Nil) administrative employees. The directors are remunerated by the Company and their remuneration is disclosed in note 7 of the consolidated financial statements.

3 Investments

Investments represents investments in subsidiary undertakings and is unchanged in the year. A list of subsidiaries can be found in note 15 of the consolidated financial statements.

Ardmore Group Limited

Notes forming part of the company financial statements
for the year ended 30 September 2023 *(continued)*

4 Debtors	2023	2022
	£'000	£'000
Due within one year		
Amounts owed by fellow group undertakings	35,691	34,285
Corporation tax recoverable	54	54
Amounts due from related parties	222	222
Amounts due from directors	542	-
	<hr/>	<hr/>
	36,509	34,561
	<hr/>	<hr/>

Amounts owed by fellow group undertakings are unsecured, interest free and due on demand.

5 Cash and cash equivalents	2023	2022
	£'000	£'000
Cash at bank and in hand	39,524	55,924
	<hr/>	<hr/>

6 Creditors	2023	2022
	£'000	£'000
Due within one year		
Amounts owed to fellow group undertakings	50,041	67,016
Trade creditors	-	19
Other taxation and social security	79	72
Other creditors	3	127
Accruals and deferred income	47	28
	<hr/>	<hr/>
	50,170	67,262
	<hr/>	<hr/>

Amounts owed to fellow group undertakings are unsecured, interest free and due on demand.

7 Share capital

Details of the Company's share capital is disclosed in note 23 of the consolidated financial statements.

8 Events after the reporting date

There have been no material subsequent events that require disclosure.