Registration number: 12460131

Blackwell Earthmoving Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2022

Blackwell Earthmoving Limited

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Blackwell Earthmoving Limited

Company Information

Directors	G Banham
	N Fraser
	Hargreaves Corporate Director Limited
	P Kemp
	M Carney
Registered office	Suite 2, Park House Earls Colne Business Park Earls Colne Colchester CO6 2NS
Independent auditors	PricewaterhouseCoopers LLP 5th and 6th Floor Central Square South Orchard Street Newcastle Upon Tyne NE1 3AZ

Blackwell Earthmoving Limited

Strategic Report for the Year Ended 31 May 2022

The directors present their report for the year ended 31 May 2022.

Fair review of the business
The principal activities of the Company are the provision of bulk earthmoving services, together with related activities.

The Company works to deliver major infrastructure projects within the UK. During the prior period, the company acquired certain trade and assets of CA Blackwell (Contracts) Limited, this involved the acquisition of plant and equipment, access to contracts, employee know-how and the Blackwell brand. The purpose of this intra-group transaction was to establish a new business specialising solely in bulk earthmoving.

On 26 October 2021, the Company issued 10,000,000 ordinary shares of £1 each to Hargreaves Services plc, its parent company. The consideration was satisfied by converting £10m of loan due by the company to Hargreaves Services plc. This capital injection gives the Company a strong balance sheet from which to build its business.

The results for the Company show a profit before tax of £1,277,000 (16 month period to May 2021: loss of £(329,000)) for the year and turnover of £11,356,000 (16 month period to May 2021: £508,000).

Business model
The Company is part of a group that delivers key projects and services in the industrial and property sectors throughout the UK and overseas. The Company provides one of the Group's core services of bulk earthmoving throughout the UK.

Key financial performance indicators

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	**Unit**	**2022**	**2021**
Turnover	£m	11.36	.51
Gross margin	%	50.27	6.30
Profit before tax/turnover	%	11.25	(64.76)

In addition, there are a significant number of further key performance indicators which are used to measure the business on a more detailed basis, including:

- Staff turnover levels
- Injury claims

Principal risks and uncertainties
The risks and uncertainties facing the Company are inherently linked to those of the Hargreaves Services plc Group. The principal risks and uncertainties of the Group which includes those of this company are discussed in detail in the Risk Management section of the Group financial statements.

Current trading and outlook

The Company has not seen a significant impact on its trading and results for the year ended 31 May 2022 as a result of Covid-19 however the Directors continue to monitor the situation. Our focus has been to safeguard the health and wellbeing of our employees, support our communities and continue to provide a reliable service to customers and suppliers, including many operating in critical industries.

The Company commenced work on the major earthmoving project at HS2 during the year. The Company remains focused on the successful delivery of this contract and is working to secure other similar major earthworks contracts.

Approved by the Board on 26 July 2022 and signed on its behalf by:

....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Blackwell Earthmoving Limited

Directors' Report for the Year Ended 31 May 2022

The directors present their report and the audited financial statements for the year ended 31 May 2022.

Incorporation
The company was incorporated on 13 February 2020.

The company was formed to acquire the trade and certain assets of CA Blackwell (Contracts) Ltd, a fellow group undertaking, which it did on the 30 November 2020 for a value of £14.4m. The purpose of this intra-group transaction was to establish a new business specialising in bulk earthmoving.

Dividends

The directors do not recommend the payment of a dividend (16 month period to May 2021: £nil)

Directors of the company
The directors of the company, who were in office during the year and up to the date of signing the financial statements, were as follows:

G Banham

N Fraser

Hargreaves Corporate Director Limited

P Kemp

M Carney (appointed 15 November 2021)

Employment of disabled persons
Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the Company continues.

Employee involvement
The directors recognise the importance of good communications and good relations with employees.

Directors' interests in shares
No director had a beneficial interest in the share capital of any subsidiary of Hargreaves Services plc. Except as disclosed below, no director (other than those whose interests are disclosed in the financial statements of Hargreaves Services plc) had interests in the share capital of Hargreaves Services plc.

N Fraser exercised 14,929 LTIP's under Deferred Bonus Scheme F in the year (none 2021) and 12,128 share options were granted in the year under the Executive share option scheme August 2021 (16 month period ended May 2021: none). N Fraser has 27,671 share options outstanding under Deferred Bonus Scheme H. Further details are available within the financial statements of Hargreaves Services plc.

No other director (other than those whose interests are disclosed in the financial statements Hargreaves Services plc) was granted, or exercised, any options to subscribe in the shares of Hargreaves Services plc during the year ended 31 May 2022. (16 month period ended 2021; £nil).

Directors' liabilities
All of the Directors benefited from the Group's qualifying third party indemnity provisions.

Going concern

The Company relies on the Group for support. Hargreaves Services plc has provided a letter of support covering 12 months from the date the accounts were approved by the directors.

Hargreaves Services plc has indicated it will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

The Group's financing is no longer dependent on bank borrowings, there is no longer any debenture nor any financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of severe but plausible downside scenarios has been undertaken. These sensitivities include testing without utilising the Group's £12m invoice discounting facility which was put in place on 27 July 2021. The facility is secured against certain Group debtors and there is no debenture nor any covenants associated with this facility. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control.

As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts of Hargreaves Services plc.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 26 July 2022 and signed on its behalf by:

....

John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Blackwell Earthmoving Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on and signed on its behalf by:

....

John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Independent auditors' report to the members of Blackwell Earthmoving Limited

Report on the audit of the financial statements

Opinion

In our opinion, Blackwell Earthmoving Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 May 2022; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Blackwell Earthmoving Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Blackwell Earthmoving Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety regulations and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to the profit and loss account, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance around actual and potential litigation claims;
- Review minutes of meetings of those charged with governance;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and consideration of the impact of COVID-19 on going concern.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Blackwell Earthmoving Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 July 2022

Blackwell Earthmoving Limited

Profit and Loss Account for the Year Ended 31 May 2022

	Note	2022 £ 000	16 month period ended 31 May 2021 £ 000
Turnover	4	11,356	508
Cost of sales		(5,647)	(476)
Gross profit		5,709	32
Administrative expenses		(4,315)	(417)
Other income	5	1	237
Other operating income	5.1	28	-
Operating profit/(loss)	6	1,423	(148)
Interest payable and similar expenses	7	(146)	(181)
Profit/(loss) before tax		1,277	(329)
Tax on profit/(loss)	11	1,101	70
Profit/(loss) for the financial year		2,378	(259)

The above results were derived from continuing operations.

There was no other comprehensive income in addition to the result for the year shown above. (16 month perid ended May 2021: £nil).

Blackwell Earthmoving Limited

(Registration number: 12460131)
Balance Sheet as at 31 May 2022

	Note	31 May 2022 £ 000	31 May 2021 £ 000
Fixed assets			
Tangible assets	12	-	147
Right of use assets	13	11,570	6,052
Deferred tax assets	11	3,330	2,229
		14,900	8,428
Current assets			
Debtors	14	2,792	362
Cash at bank and in hand		42	-
		2,834	362
Creditors: Amounts falling due within one year	16, 17	(10,137)	(17,040)
Net current liabilities		(7,303)	(16,678)
Total assets less current liabilities		7,597	(8,250)
Creditors: Amounts falling due after more than one year	16, 17	(4,990)	(1,899)
Provisions for liabilities	19, 11	(345)	-
Net assets/(liabilities)		2,262	(10,149)
Capital and reserves			
Called up share capital	20	10,000	-
Capital contribution reserve	21	43	10
Merger reserve	21	(6,930)	(8,910)
Profit and loss account		(851)	(1,249)
Total shareholders' funds/(deficit)		2,262	(10,149)

The financial statements on pages 11 to 34 were approved by the Board on 26 July 2022 and signed on its behalf by:

....

John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Blackwell Earthmoving Limited

Statement of Changes in Equity for the Year Ended 31 May 2022

	Called up share capital £ 000	Capital contribution reserve £ 000	Merger reserve £ 000	Accumulated losses £ 000	Total £ 000
Loss for the year	-	-	-	(259)	(259)
Total comprehensive expense	-	-	-	(259)	(259)
Realisation of merger reserve	-	-	990	(990)	-
Acquisition under common control	-	-	(9,900)	-	(9,900)
Share based payment transactions	-	10	-	-	10
At 31 May 2021	-	10	(8,910)	(1,249)	(10,149)

	Called up share capital £ 000	Capital contribution reserve £ 000	Merger reserve £ 000	Accumulated losses £ 000	Total £ 000
At 1 June 2021	-	10	(8,910)	(1,249)	(10,149)
Profit for the year	-	-	-	2,378	2,378
Total comprehensive income	-	-	-	2,378	2,378
New share capital subscribed	10,000	-	-	-	10,000
Realisation of merger reserve	-	-	1,980	(1,980)	-
Share based payment transactions	-	33	-	-	33
At 31 May 2022	10,000	43	(6,930)	(851)	2,262

The notes on pages 14 to 34 form an integral part of these financial statements.

Blackwell Earthmoving Limited

Notes to the Financial Statements for the Year Ended 31 May 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England within the UK.

The address of its registered office is:
Suite 2, Park House
Earls Colne Business Park
Earls Colne
Colchester
Essex
CO6 2NS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation
These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are prepared under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:
• a Cash Flow Statement and related notes;
• Comparative period reconciliations for share capital and tangible fixed assets;
• Disclosures in respect of transactions with wholly owned subsidiaries;
• Disclosures in respect of capital management;
• The effects of new but not yet effective IFRSs; and
• Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hargreaves Services plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
• Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2 Accounting policies (continued)

Going concern
The financial statements have been prepared on a going concern basis.

The company has net current liabilities of £7,303,000 (2021: £16,678,000 net current liabilities) including a £4,404,000 (2021: £14,499,000) creditor due to group undertakings. The company meets its day to day working capital requirements through support from related companies and the company's parent undertaking, Hargreaves Services plc, has indicated that it will continue to provide support to enable the company to trade for at least 12 months from the date of approval of these accounts.

The directors have prepared group cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes in accounting policy
None of the standards, interpretations and amendments effective for the first time from 1 June 2021 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to earthmoving contracts. This revenue is recognised over time in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The company also earns revenue from the provision of services relating to plant and labour hire. This revenue is recognised over time in the accounting period when the services are rendered at an amount that reflect the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in FRS101 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations in contracts consist of the delivery of milestones or progress against the services described in the contract. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date using the input method of estimating progress of delivery at the reporting date. The stage of completion of a contract is assessed with reference to completion of a physical proportion of the contract work.

2 Accounting policies (continued)

Transaction price

The transaction price is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the turnover is subject to variability. When turnover is variable, the Company estimates the amount of consideration to be recovered. Turnover is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Company reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation.

Turnover is measured excluding value added tax, for goods and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of goods supplied and services provided are recognised in the profit and loss account in the period to which they relate. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. Prospectively as an additional separate contract:
b. Prospectively as a termination of the existing contract and creation of a new contract;
c. As part of the original contract using a cumulative catch up; or
d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Contract assets and receivables

Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprises costs incurred plus attributable margin.

Contract assets & receivables (loans and advances) are classified as current or non- current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

2 Accounting policies (continued)

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Finance income and costs policy

Net financing costs comprise interest payable, finance charges on leases and interest receivable on funds invested net of the interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

Tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings and leasehold improvements	2-4% per annum straight line
Motor vehicles and plant	10-33% per annum straight line
Furniture, fittings and equipment	15-25% per annum straight line

Depreciation of right of use assets is based on the same categorisation as above using the straight-line method over the shorter of the estimated life of the asset or the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtor is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.
The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.
The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.
Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.
The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, plant and equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.
The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.
If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.
For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.
For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

2 Accounting policies (continued)

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.
Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

2 Accounting policies (continued)

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

3 Critical accounting judgements and key sources of estimation uncertainty

Acquisition of trade and assets (estimate)

The company was formed to acquire the trade and certain assets of CA Blackwell (Contracts) Ltd "(CABC)", a fellow group undertaking, acquiring total assets of £4.5m. This transaction was financed through a loan from the ultimate parent company, Hargreaves Services PLC, and completed on 30 November 2020.

The purchase was split as follows:
• £2.3m in relation to the acquisition of specific plant and machinery, including right of use assets net of associated leasing debt;
• £2.2m in relation to deferred tax assets. A specific value is also attributable to the tax losses held within CABC, which transferred across at the date of the transaction. The total tax losses were £12.0m as at the end of May 21, which represents a tax asset of £2.2m at the date of the transaction.

A payment of £14.4m was made by the Company to CABC in consideration for this, with £4.5m relating to the above assets. The remaining payment of £9.9m relates to the brand of Blackwell, the people, know-how and the value of the HS2 contract which is not permitted to be recognised under IAS 8.

This transaction involved the purchase of plant and intangible assets at value determined between the two parties who share common controls, being that they are both part of the Hargreaves Services plc Group. Certain trade and assets of CABC have been acquired by the Company and as such, combinations involving entities under common control are outside the scope of IFRS 3. Therefore under IAS 8, predecessor value method is applied. A predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values and does not permit the recognition of goodwill.

IBR on finance leases (estimate)

The key estimate applied by management relates to the assessment of the incremental borrowing rate adopted by the Company to discount the future lease rentals to present value in order to measure the lease liabilities. The weighted average rate applied was between 3.7% and 5.1%, as interest rates have risen during the year to 31 May 2022.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

4 Turnover

The analysis of the company's turnover for the year (16 month period ended May 2021) from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Earthmoving services	11,356	508

The analysis of the company's turnover for the year (16 month period ended May 2021) by class of business is as follows:

	2022 £ 000	2021 £ 000
Over time	11,356	508

The analysis of the company's turnover for the year (16 month period ended May 2021) by market is as follows:

	2022 £ 000	2021 £ 000
UK	11,356	508

5 Other gains and losses

The analysis of the company's other gains and losses for the year (16 month period ended May 2021) is as follows:

	2022 £ 000	2021 £ 000
Gain (loss) on disposal of right of use assets	1	237

5.1 Other operating income

The analysis of the company's other operating income for the year (16 month period ended May 2021) is as follows:

	2022 £ 000	2021 £ 000
Government grants	28	-

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation expense	94	149
Depreciation on right of use assets - machinery	1,457	367
Depreciation on right of use assets - property	33	98
Expense on short term leases (over one month)	13	-
Expense on low value leases	15	(8)

7 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest expense on leases	146	181

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Note	2022 £ 000	2021 £ 000
Wages and salaries		5,745	28
Social security costs		619	37
Pension costs, defined contribution scheme	22	165	21
Share-based payment expenses	23	34	10
		6,563	96

The average number of persons employed by the company (including directors) during the year (16 month period ended May 2021), analysed by category was as follows:

	2022 No.	2021 No.
Production	57	25
Administration and support	55	21
Directors	2	3
	114	49

The remuneration costs of some of the above employees is borne by other Group companies.

9 Directors' remuneration

The directors' remuneration for the year (16 month period ended May 2021) was as follows:

	2022 £ 000	2021 £ 000
Remuneration	267	-
Contributions paid to money purchase schemes	10	-
	277	-

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under defined benefit pension scheme	2	2

The remuneration of certain directors in the year was borne by a fellow subsidiary undertaking of the ultimate parent company, Hargreaves Services plc, and the details of that remuneration are disclosed in Hargreaves Services plc's accounts.

The directors remuneration in prior period was included in C.A. Blackwell (Contracts) Limited.

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	191	-
Company contributions to money purchase pension schemes	7	-

10 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	23	10

Amounts receivable by the Company's auditors in respect of services to the Company and their associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hargreaves Services plc.

11 Tax on profit/(loss)

Tax (credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
Group relief	-	(41)
Deferred taxation		
Arising from origination and reversal of temporary differences	477	(22)
Arising from changes in tax rates and laws	-	(7)
Arising from write-down or reversal of write-down of deferred tax asset	(1,578)	-
Total deferred taxation	(1,101)	(29)
Tax credit in the profit and loss account	(1,101)	(70)

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	1,277	(329)
Corporation tax at standard rate	243	(63)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	9	-
Decrease from effect of exercise employee share options	(25)	-
Deferred tax expense from unrecognised tax loss or credit	87	-
Deferred tax credit from unrecognised temporary difference from a prior period	(1,578)	-
Deferred tax expense/(credit) relating to changes in tax rates or laws	163	(7)
Total tax credit	(1,101)	(70)

The deferred tax credit of £1,578,000 relating to prior periods is due to losses assumed to be utilised in the previous year which were ultimately retained (16 month period ended May 2021: £nil)

Factors that may affect future tax expenses

Following the March 2022 budget, the corporate tax rate will increase from 19% to 25%, with effect from 1 April 2023. The deferred tax balances at 31 May 2022 and 31 May 2021 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

11 Tax on profit/(loss) (continued)

Deferred tax
Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 June 2021 £ 000	Recognised in income £ 000	At 31 May 2022 £ 000
Share-based payment	3	31	34
Tangible fixed assets	26	745	771
Tax impact of carryforward losses	2,200	325	2,525
Net tax assets/(liabilities)	2,229	1,101	3,330

Deferred tax movement during the prior period:

	At 13 February 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 May 2021 £ 000
Share-based payment	-	3	-	3
Tangible fixed assets	-	26	-	26
Tax impact of carryforward losses	-	-	2,200	2,200
Net tax assets/(liabilities)	-	29	2,200	2,229

12 Tangible assets

	Furniture, fittings and equipment £ 000	Motor vehicles and plant £ 000	Total £ 000
Cost or valuation			
Additions	43	253	296
At 31 May 2021	43	253	296
At 1 June 2021	43	253	296
Disposals	(43)	(253)	(296)
At 31 May 2022	-	-	-
Depreciation			
Charge for period	43	106	149
At 31 May 2021	43	106	149

Blackwell Earthmoving Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

12 Tangible assets (continued)

	Furniture, fittings and equipment £ 000	Motor vehicles and plant £ 000	Total £ 000
At 1 June 2021	43	106	149
Charge for the period year	-	94	94
Disposals	(43)	(200)	(243)
At 31 May 2022	-	-	-
Carrying amount			
At 31 May 2022	-	-	-
At 31 May 2021	-	147	147

13 Right of use assets

	Machinery £ 000	Property £ 000	Total £ 000
Cost or valuation			
Additions	6,335	294	6,629
Disposals	(145)	(11)	(156)
At 31 May 2021	6,190	283	6,473
At 1 June 2021	6,190	283	6,473
Additions	7,029	-	7,029
Disposals	(252)	(131)	(383)
At 31 May 2022	12,967	152	13,119
Depreciation			
Charge for period	367	98	465
Eliminated on disposal	(33)	(11)	(44)
At 31 May 2021	334	87	421
At 1 June 2021	334	87	421
Charge for the period year	1,457	33	1,490
Eliminated on disposal	(231)	(131)	(362)
At 31 May 2022	1,560	(11)	1,549
Carrying amount			
At 31 May 2022	11,407	163	11,570
At 31 May 2021	5,856	196	6,052

14 Debtors

	31 May 2022 £ 000	31 May 2021 £ 000
Trade debtors	24	-
Amounts due from subsidiary undertakings	1,646	314
Accrued income	3	1
Group relief receivable	-	41
Other debtors	-	6
Other taxes and social security	1,119	-
Trade and other receivables	2,792	362

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

15 Contract assets

At 31 May 2022 aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £373,000 (2021: £186,000). Progress billings and advances received from customers under open construction contracts amounted to £398,000 at 31 May 2022 (2021: £186,000).

Contract liabilities being advances for which related work has not started, and billings in excess of costs incurred and recognised profits are included as deferred income and amounted to £25,000 at 31 May 2022 (2021: £nil).

Contract assets include £nil (2021: £nil) relating to retentions.

16 Creditors: amounts falling due within one year

	31 May 2022 £ 000	31 May 2021 £ 000
Amounts due to group undertakings	4,404	14,499
Trade creditors	44	-
Accrued expenses	1,411	103
Social security and other taxes	641	139
Outstanding defined contribution pension costs	40	17
Bank overdraft	-	893
Current portion of long term lease liabilities	3,597	1,389
	10,137	17,040

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

The bank overdraft is denominated in sterling, does not attract interest and is repayable on demand. It is part of the group's banking facility which is secured by a debenture over the group's assets.

17 Loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost.

	31 May 2022 £ 000	31 May 2021 £ 000
Non-current loans and borrowings		
Lease liabilities	4,990	1,899

18 Leases

Lease liabilities maturity analysis
A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 May 2022 £ 000	31 May 2021 £ 000
Less than one year	3,597	1,389
2 years	4,990	1,899
Total lease liabilities (undiscounted)	8,587	3,288

19 Other provisions

	Contract provisions £ 000	Total £ 000
Additional provisions	345	345
At 31 May 2022	345	345
Non-current liabilities	345	345

The contract provisions of £345,000 (2021: £nil) relate to demobilisation and dilapidation costs expected to arise, but not yet incurred.

20 Called up share capital

Allotted, called up and fully paid shares

	31 May 2022 No.	£	31 May 2021 No.	£
Ordinary shares of £1 each	10,000,000	10,000,000	1	1

On 26 October 2021, the Company issued 10,000,000 ordinary shares of £1 each to Hargreaves Services plc, its parent company. The consideration was satisfied by converting £10m of loan due by the company to Hargreaves Services plc.

21 Reserves

Merger reserve

The merger reserve has arisen as a result of the company acquiring trade and certain assets of CA Blackwell (Contracts) Ltd. £9.9m of the acquisition was in relation to the brand of Blackwell, the people, know-how and the value of the HS2 contract which is not permitted to be recognised as an intangible asset under IAS 8. The transfer of £1.98m (net of tax) to retained earnings relates to the realisation of the merger reserve which will unwind over a 5 year period.

Capital contribution reserve

The capital contribution reserve comprises cumulative share-based payments. The movement during the year relates to the share-based payment expense recognised for the share options.

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £165,000 (16 month period ended May 2021 - £21,000).

Contributions totalling £40,000 (16 month period ended May 2021 - £17,000) were payable to the scheme at the end of the year and are included in creditors.

23 Share-based payments

Deferred Bonus Scheme

Scheme details and movements

The scheme relates to the group scheme within Hargreaves Services Plc. The scheme is available to directors and senior employees within the business. The options will vest upon the employee completing the service obligation, which requires their continued employment for a period of three years. The options relate to deferred bonus scheme h.

The movements in the number of share options during the year (16 month period ended May 2021) were as follows:

	31 May 2022 Number	31 May 2021 Number
Outstanding, start of period	42,600	14,929
Granted during the period	-	27,671
Exercised during the period	(14,929)	-
Outstanding, end of period	27,671	42,600

The weighted average share price at date of exercise of share options exercised during the year was 405.00p (16 month period ended May 2021 - 312.00p).

Outstanding share options

Details of share options outstanding at the end of the year (16 month period ended May 2021) are as follows:

	31 May 2022	31 May 2021
Number of share options outstanding	27,671	42,600
Expected weighted average remaining life (years)	1.00	1.00

23 Share-based payments (continued)

Executive share option scheme

Scheme details and movements

The Hargreaves Services plc 'Executive Share Option Scheme August 21' was granted in the year requiring a minimum three year service period following grant and has two separate performance criteria. 50% of the options awarded under this scheme require a 25% TSR before any vesting can take place with full vesting taking place at 100% TSR measured over a three year period. The remaining 50% vest based upon benchmarking the TSR against a comparator group of ten companies. 25% vesting takes place if the TSR performance ranks at the median TSR performance of that comparator group with full vesting taking place if the TSR performance ranks best out of the comparator group. Of the 423,544 options outstanding under that scheme, 12,128 relate to a director of the company.

The movements in the number of share options during the year (16 month period ended May 2021) were as follows:

	31 May 2022 Number	31 May 2021 Number
Granted during the period	12,128	-
Outstanding, end of period	12,128	-

Outstanding share options

Details of share options outstanding at the end of the year (16 month period ended May 2021) are as follows:

	31 May 2022	31 May 2021
Number of share options outstanding	12,128	-
Expected weighted average remaining life (years)	2.00	-

24 Related party transactions

Summary of transactions with other related parties

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties.

All transactions and outstanding balances relate to general intercompany trade and working capital management.

25 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (16 month period ended May 2021 - £1,161,297).

26 Parent and ultimate parent undertaking

The company's immediate parent is Hargreaves Services plc.

The ultimate parent is Hargreaves Services plc. The only group in which the results of the Company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from their registered address West Terrace, Esh Winning, Durham, DH7 9PT.