

Registration number: 13194246

Carmac Holdings Limited

Directors' Report and Consolidated Financial Statements
for the Period from 10 February 2021 to 28 February 2022



Carmac Holdings Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 to 25

Carmac Holdings Limited

Company Information

Directors	I Tomlinson C F Kilroy T McGowan
Registered office	Burton Road Finedon Northamptonshire NN9 5HX
Auditors	Hawsons Chartered Accountants Statutory Auditor Jubilee House 32 Duncan Close Moulton Park Northampton NN3 6WL

Carmac Holdings Limited

Strategic Report for the period from 10 February 2021 to 28 February 2022

The directors present their strategic report for the period from 10 February 2021 to 28 February 2022.

Fair review of the business

We have had a very successful period with a great credit to our staff, management and site workers. The year has had its challenges, with hefty cost increases on materials, lead times for basic materials changing on a regular basis and the delays with delivery of pre-ordered plant, all of which have been managed successfully by the business as a whole.

We have a solid order book for next year with a number of opportunities that should feed into a strong pipeline of work. We have made further additions to our management structure to give us more depth and knowledge to assist with what has been a growth period for the business.

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

	Unit	2022
Turnover	£	33,627,778
Gross profit	£	6,055,964
Gross profit margin	%	18
Profit before tax	£	2,561,700

Principal risks and uncertainties

The trading subsidiary of the group, Carmac (Building & Civil Engineering) Limited, has two legacy projects coming to a close which is something that will help greatly coming into what is looking to be a difficult time for the housing industry, where the majority of the company's turnover has been for a number of years.

With our strong cash position and solid and experienced management structure, we hope this will help us navigate through the uncertainty that lies ahead for the next 18-24 months.

Approved by the Board and signed on its behalf by:



C F Kilroy
Director

28 March 2023

Carmac Holdings Limited

Directors' Report for the Period from 10 February 2021 to 28 February 2022

The directors present their report and the audited consolidated financial statements for the period from 10 February 2021 to 28 February 2022.

Incorporation

The company was incorporated on 10 February 2021.

Principal activity

The principal activity of the group is civil engineering work.

Directors of the group

The directors who held office during the period were as follows:

I Tomlinson (appointed 10 February 2021)

C F Kilroy (appointed 10 February 2021)

T McGowan (appointed 10 February 2021)

Strategic report

Some items required under Schedule 7 of the Statutory Instruments 2008 No. 410 are included within the Strategic Report.

Dividends

The company paid dividends of £250,667. The directors do not recommend payment of a further dividend.

Disclosure of information to the auditors

The directors of the company who held office at the date of the approval of this Annual Report as set out above confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors 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 and signed on its behalf by:



C F Kilroy
Director

28 March 2023

Carmac Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 Financial Reporting Standard 102 'The Financial Reporting and Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; 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 keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Carmac Holdings Limited

Independent Auditor's Report to the Members of Carmac Holdings Limited

Opinion

We have audited the financial statements of Carmac Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 10 February 2021 to 28 February 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2022 and of the group's profit for the period 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 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 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.

Carmac Holdings Limited

Independent Auditor's Report to the Members of Carmac Holdings Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 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 responsibilities for the audit of the financial statements

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

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:

The group and the parent company are subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the group and the parent company and the environment they operate within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. 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 the posting of inappropriate journal entries to improve the group and the parent company's result for the period, and management bias in key accounting estimates. In addition to this, we have also identified the following principal risk areas:

- Revenue recognition - there are two components to this risk, being revenue completeness and revenue cut-off;
- Going concern - an area that requires enhanced scrutiny in the context of the challenging economic climate;
- Recoverability of retention debtors - retention debtors are potentially problematic as they relate to snag lists and are receivable once the overall contract has finished;
- Contract margins - an area that requires review of on-going contract margins for either under or overstatement;
- Investments - there is a risk that investments are not held at the correct valuation.

Audit procedures performed by the engagement team included:

Carmac Holdings Limited

Independent Auditor's Report to the Members of Carmac Holdings Limited

- Discussions with management and those responsible for legal compliance procedures within the group to obtain an understanding of the legal and regulatory framework applicable to the group and how the group complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of long-term work in progress;
- Identifying and testing journal entries;
- Robustly challenging management's assessment of going concern;
- Reviewing the balance owed to the group in relation to building retentions by vouching a sample of the balances to payment certificates.
- Reviewing post year end contract margins and comparing this to margins at the period end.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. 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 is available on the Financial Reporting Council's website at: www.frc.org.uk. 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.

Hawsons

David Owens
Senior Statutory Auditor
For and on behalf of Hawsons Chartered Accountants
Statutory Auditor
Jubilee House
32 Duncan Close
Moulton Park
Northampton
NN3 6WL

30 March 2023

Carmac Holdings Limited

Consolidated Statement of Comprehensive Income for the Period from 10 February 2021 to 28 February 2022

	Note	10 February 2021 to 28 February 2022 £
Revenue		33,627,778
Cost of sales		<u>(27,571,814)</u>
Gross profit		6,055,964
Administrative expenses		(3,480,417)
Other operating income	2	<u>28,953</u>
Operating profit	3	<u>2,604,500</u>
Other interest receivable and similar income	4	5,801
Interest payable and similar charges	5	<u>(48,601)</u>
		<u>(42,800)</u>
Profit before tax		2,561,700
Taxation	8	<u>(412,655)</u>
Profit for the financial period		<u>2,149,045</u>
Total comprehensive income for the period		<u>2,149,045</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

Carmac Holdings Limited

(Registration number: 13194246)

Consolidated Statement of Financial Position as at 28 February 2022

	Note	28 February 2022 £
Non-Current Assets		
Intangible assets	9	212,917
Property, Plant and Equipment	10	<u>4,212,148</u>
		<u>4,425,065</u>
Current assets		
Trade and other receivables	12	6,806,628
Cash at bank and in hand	13	<u>5,791,738</u>
		12,598,366
Current liabilities	14	<u>(11,147,006)</u>
Net current assets		<u>1,451,360</u>
Total assets less current liabilities		5,876,425
Non-current liabilities	14	(2,361,107)
Provisions for liabilities	15	<u>(984,840)</u>
Net assets		<u>2,530,478</u>
Equity		
Called up share capital	17	100
Share premium reserve		632,000
Retained earnings		<u>1,898,378</u>
Total equity		<u>2,530,478</u>

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



C F Kilroy

Director

28 March 2023

Carmac Holdings Limited

(Registration number: 13194246)

Statement of Financial Position as at 28 February 2022

	Note	28 February 2022 £
Non-Current Assets		
Investments	11	6,355,553
Current assets		
Trade and other receivables	12	100
Current liabilities	14	<u>(4,332,553)</u>
Net current liabilities		<u>(4,332,453)</u>
Total assets less current liabilities		2,023,100
Non-current liabilities	14	<u>(1,391,000)</u>
Net assets		<u>632,100</u>
Equity		
Called up share capital	17	100
Share premium reserve		<u>632,000</u>
Total equity		<u>632,100</u>

The company made a profit after tax for the financial period of £250,667.

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



C F Kilroy
Director

28 March 2023

Carmac Holdings Limited

Consolidated Statement of Changes in Equity for the Period from 10 February 2021 to 28 February 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 10 February 2021	100	-	-	100
Total comprehensive income	-	-	2,149,045	2,149,045
Dividends	-	-	(250,667)	(250,667)
New share capital subscribed	-	632,000	-	632,000
At 28 February 2022	<u>100</u>	<u>632,000</u>	<u>1,898,378</u>	<u>2,530,478</u>

The group issued one capital share for £632,000 as part of the management buyout. The share premium of £632,000 has been recognised in the Statement of Changes in Equity for the period ended 28 February 2022.

Carmac Holdings Limited

Statement of Changes in Equity for the Period from 10 February 2021 to 28 February 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 10 February 2021	100	-	-	100
Total comprehensive income	-	-	250,667	250,667
Dividends	-	-	(250,667)	(250,667)
New share capital subscribed	-	632,000	-	632,000
At 28 February 2022	<u>100</u>	<u>632,000</u>	<u>-</u>	<u>632,100</u>

The company issued one capital share for £632,000 as part of the management buyout. The share premium of £632,000 has been recognised in the Statement of Changes in Equity for the period ended 28 February 2022.

Carmac Holdings Limited

Consolidated Statement of Cash Flows for the Period from 10 February 2021 to 28 February 2022

	10 February 2021 to 28 February 2022	
	£	Note
Cash flows from operating activities		
Profit for the period	2,149,045	
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	606,372	3
Loss on disposal of property plant and equipment	53,450	
Finance income	(5,801)	4
Finance costs	48,601	5
Income tax expense	412,655	8
	<u>3,264,322</u>	
Working capital adjustments		
Increase in trade and other receivables	(354,674)	12
Increase in trade and other payables	1,541,809	14
Cash generated from operations	4,451,457	
Income taxes received	203,908	8
Net cash flow from operating activities	<u>4,655,365</u>	
Cash flows from investing activities		
Interest received	5,801	
Acquisitions of property plant and equipment	(922,249)	
Proceeds from sale of property plant and equipment	246,900	
Acquisition of subsidiary	6,127,487	9
Net cash flows from investing activities	<u>5,457,939</u>	
Cash flows from financing activities		
Hire purchase interest	(48,601)	
Payment of deferred consideration	(3,650,000)	
Payments to finance lease creditors	(665,060)	
New finance leases	292,762	
Dividends paid	(250,667)	
Net cash flows from financing activities	<u>(4,321,566)</u>	
Net increase in cash and cash equivalents	5,791,738	
Cash and cash equivalents at 10 February	-	13
Cash and cash equivalents at 28 February	<u>5,791,738</u>	13

The notes on pages 14 to 25 form an integral part of these financial statements.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

Carmac Holdings Limited is a company limited by shares incorporated in England within the United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements.

The financial statements are presented in sterling, which is the functional currency of the group.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The parent company has taken exemptions from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006.

The parent company has taken advantage of the exemptions available under FRS102 not to disclose related party transactions with qualifying group companies.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 28 February 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

1 Accounting policies (continued)

Group formation

The company was incorporated on 10 February 2021.

On 26 February 2021 Carmac Holdings Limited acquired 29,167 £1 ordinary shares in Carmac (Building & Civil Engineering) Limited, 1 £1 ordinary A share, 1 £1 ordinary C share, 1 £1 ordinary D share and 1 £1 ordinary E share, being 100% of the company's ordinary share capital, for a total consideration of £6,323,000.

As such, consolidated accounts for the period ended 28 February 2022 are to be prepared by Carmac Holdings Limited being the parent company.

As the group was formed on 26 February 2021, these consolidated accounts do not include comparative information.

Going concern

After due consideration of all relevant factors, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue

Revenue is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue and costs on contracts are recognised where the outcome of a contract is reasonably certain. Full provision is made for any losses on contracts at the point the loss is first foreseen.

Government grants

Grants in respect of capital expenditure are credited to Property, Plant and Equipment and deducted from the cost of the asset to which they relate.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and are valued at cost less foreseeable losses less any applicable payments on account. A reasonable proportion of revenue and related costs are recognised in the Statement of Comprehensive Income where the outcome of a contract can be assessed with reasonable certainty.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Comprehensive Income, except that a charge attributed to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 group operates and generates taxable income.

Deferred tax shall be recognised in respect of all timing differences at the reporting date, except as otherwise required by FRS102. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Property, Plant and Equipment

Property, Plant and Equipment are 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.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

1 Accounting policies (continued)

Depreciation

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

Asset class	Depreciation method and rate
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance
Office equipment	3 years straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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 change in value.

Inventories

Long-term contracts are assessed on a contract by contract basis and are valued at cost less foreseeable losses less any applicable payments on account. A reasonable proportion of revenue and related costs are recognised in the Statement of Comprehensive Income where the outcome of a contract can be assessed with reasonable certainty.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

1 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing 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 Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions are charged in the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

Critical accounting judgements and estimates

Drawing up the financial statements in accordance with FRS102 required management to make necessary estimates and assessments. Estimates are based on past experience and other reasonable assessment criteria. The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that and prior periods, or in the period of the revision and future periods if the revision affects both current and future periods.

Given the judgmental nature of such estimates, actual results could be different from the assumptions used. The critical accounting estimates and judgements are set out below:

- Revenue from construction contracts. A reasonable proportion of revenue and related costs are recognised in Statement of Comprehensive Income where the outcome of a contract can be assessed with reasonable certainty. The key judgements and estimates in determining the outcome of a contract include the estimation of costs to completion and an estimation of the remaining resources.

- Recoverable value of receivables. The recoverability of trade and other receivables is regularly reviewed in light of available information specific to each receivable and provisions are recognised for balances considered to be irrecoverable.

2 Other operating income

The analysis of the group's other operating income for the period is as follows:

	2022 £
CJRS income	10,962
Miscellaneous income	17,991
	<hr/>
	28,953

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

3 Operating profit

Arrived at after charging:

	2022 £
Hire of plant and machinery	928,589
Depreciation expense	582,714
Amortisation expense	23,658
Audit fees	22,000
Operating lease expense - plant and machinery	48,125
Loss on disposal of property, plant and equipment	<u>53,450</u>

4 Other interest receivable and similar income

	2022 £
Interest income on bank deposits	5,513
Other finance income	<u>288</u>
	<u>5,801</u>

5 Interest payable and similar expenses

	2022 £
Interest on obligations under finance leases and hire purchase contracts	<u>48,601</u>

6 Staff costs

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

	2022 £
Wages and salaries	3,524,286
Social security costs	121,469
Pension costs, defined contribution scheme	<u>156,371</u>
	<u>3,802,126</u>

The average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2022 No.
Production	36
Administration and support	<u>20</u>
	<u>56</u>

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	2022 £
Remuneration	265,781
Contributions paid to money purchase schemes	113,734
	<u>379,515</u>

In respect of the highest paid director:

	10 February 2021 to 28 February 2022 £
Remuneration	<u>154,607</u>

8 Taxation

Tax charged/(credited) in the income statement

	2022 £
Current taxation	
UK corporation tax	150,455
UK corporation tax adjustment to prior periods	<u>(148,387)</u>
	2,068
Deferred taxation	
Arising from origination and reversal of timing differences	<u>410,587</u>
Tax expense in the income statement	<u>412,655</u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK of 19%.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charge accordingly. The deferred tax liability as at 28 February 2022 has been calculated on management's consideration of these rates, reflecting the expected timing of reversal of the related temporary differences.

The differences are reconciled below:

	2022 £
Profit before tax	<u>2,561,700</u>
Corporation tax at standard rate	486,723
Effect of capital allowances and depreciation	(276,789)
Effect of expenses not deductible in determining taxable profit	10,201
Tax over provided in prior periods	(217,236)
Arising from origination and reversal of timing differences	<u>409,756</u>
Total tax charge	<u>412,655</u>

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

8 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

2022

Liability
£

Difference between accumulated depreciation and amortisation and capital allowances

984,840

9 Intangible assets

Group

Goodwill
£

Cost or valuation

Additions on acquisition

236,575

At 28 February 2022

236,575

Amortisation

Amortisation charge

23,658

At 28 February 2022

23,658

Carrying amount

At 28 February 2022

212,917

10 Property, Plant and Equipment

Group

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
Arising on acquisition	2,715,498	250,191	13,039	2,978,728
Additions	1,806,812	299,600	10,072	2,116,484
Disposals	<u>(299,593)</u>	<u>(23,716)</u>	<u>-</u>	<u>(323,309)</u>
At 28 February 2022	<u>4,222,717</u>	<u>526,075</u>	<u>23,111</u>	<u>4,771,903</u>
Depreciation				
Charge for the period	483,081	91,513	8,120	582,714
Eliminated on disposal	<u>(21,880)</u>	<u>(1,079)</u>	<u>-</u>	<u>(22,959)</u>
At 28 February 2022	<u>461,201</u>	<u>90,434</u>	<u>8,120</u>	<u>559,755</u>
Carrying amount				
At 28 February 2022	<u>3,761,516</u>	<u>435,641</u>	<u>14,991</u>	<u>4,212,148</u>

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

10 Property, Plant and Equipment (continued)

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022 £
Plant and machinery	<u>2,524,810</u>

The depreciation charge in respect of assets held under finance leases and hire purchase contracts was £298,633.

11 Investments

Company

	2022 £
Investments in subsidiaries	<u>6,355,553</u>

Subsidiaries

Cost or valuation

Additions	<u>6,355,553</u>
-----------	------------------

Carrying amount

At 28 February 2022	<u>6,355,553</u>
---------------------	------------------

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2022
Subsidiary undertakings			
Carmac (Building & Civil Engineering) Limited	Burton Road, Finedon, Northamptonshire, NN9 5HX UK	Ordinary	100%

The principal activity of Carmac (Building & Civil Engineering) Limited is civil engineering work.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

12 Receivables

	Group 2022 £	Company 2022 £
Trade receivables	6,776	-
Other receivables	2,721,192	100
Prepayments	6,558	-
Gross amount due from customers for contract work	4,072,102	-
	<u>6,806,628</u>	<u>100</u>

13 Cash and cash equivalents

	Group 2022 £	Company 2022 £
Cash on hand	1,137	-
Cash at bank	5,790,601	-
	<u>5,791,738</u>	<u>-</u>

14 Creditors

	Note	Group 2022 £	Company 2022 £
Due within one year			
Loans and borrowings	18	836,453	-
Trade payables		4,544,151	-
Amounts due to related parties	20	-	3,682,553
Social security and other taxes		107,182	-
Other payables		739,665	650,000
Accrued expenses		4,801,308	-
Income tax liability	8	118,247	-
		<u>11,147,006</u>	<u>4,332,553</u>
Due after one year			
Loans and borrowings	18	970,107	-
Other payables		1,391,000	1,391,000
		<u>2,361,107</u>	<u>1,391,000</u>

15 Deferred tax and other provisions

Group

	Deferred tax £
Arising on acquisition	574,253
Charge to the statement of comprehensive income	410,587
At 28 February 2022	<u>984,840</u>

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

16 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £Nil.

Contributions totalling £2,395 were payable to the scheme at the end of the period and are included in creditors.

17 Share capital

Allotted, called up and fully paid shares

	2022 No.	£
Ordinary shares of £0.01 each	10,000	100.00
Capital share of £0.01 each	1	0.01
	<u>10,001</u>	<u>100</u>

During the year the company issued one capital share for £632,000 as part of the management buyout. The share premium of £632,000 has been recognised in the Statement of Changes in Equity for the period ended 28 February 2022.

The capital share shall have no voting rights, no right to receive a dividend and shall have the return of capital rights set out in article 20 of the company's articles of association.

Each ordinary share shall carry equal voting rights, have the right to receive a dividend, and shall have the return of capital rights set out in article 20 of the company's articles of association and shall rank equally and pari passu one to another in all respects.

18 Loans and borrowings

	Group 2022 £	Company 2022 £
Non-current loans and borrowings		
Finance lease liabilities	<u>970,107</u>	<u>-</u>

	Group 2022 £	Company 2022 £
Current loans and borrowings		
Finance lease liabilities	<u>836,453</u>	<u>-</u>

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

19 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022 £
Not later than one year	54,865
Later than one year and not later than five years	<u>2,562</u>
	<u>57,427</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £48,125.

20 Related party transactions

The company has taken advantage of the exemptions available under FRS 102 not to disclose related party transactions with qualifying group companies.

Rent of £35,000 (2021 - £52,500) was paid to the Carmac (Building & Civil Engineering) Limited Directors' Pension Scheme. T J McGowan and Mrs M McGowan are both trustees of the pension scheme and are the parents of T McGowan, a director of the company. At the Statement of Financial Position date the amount due to the scheme in respect of rent was £4,375 (2021 - nil).

During the period the group loaned £325,639 to TT&C Developments Limited, a company under the control of C F Kilroy and T McGowan. The loan is repayable on demand and no interest was charged on the loan balance. At the Statement of Financial Position date the group was owed £218,144 (2021: £nil).

Directors' loan accounts

The following balance owed by the directors were outstanding at the period end:

	Maximum balance £	2022 £
A Morris	<u>288</u>	<u>288</u>
	<u>288</u>	<u>288</u>

No interest is charged in respect of these balances.

21 Control

That company is controlled by T McGowan and C F Kilroy, by virtue of their share ownership.

Carmac Holdings Limited

Notes to the Financial Statements for the Period from 10 February 2021 to 28 February 2022

22 Business combinations

On 26 February 2021, Carmac Holdings acquired 100% of the share capital of Carmac (Building & Civil Engineering) Limited for total consideration of £6,323,000 as part of a management buyout.

Carmac (Building & Civil Engineering) Limited provides professional groundworks and civil engineering services to house builders and developers across the midlands. The goodwill of £236,575 arising from the acquisition is attributable to the acquired customer base and the opportunity to organically grow the business with new opportunities and funding.

Management have estimated the useful life of the goodwill to be 10 years.