REGISTERED NUMBER: 08044729 (England and Wales)

Brenig Construction Limited

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 October 2022

Contents of the Financial Statements
for the year ended 31 October 2022

Brenig Construction Limited

Company Information
for the year ended 31 October 2022

DIRECTORS:	Mr Y Han Mr M T Parry Mr H Vaughan
REGISTERED OFFICE:	Brenig House Parc Busnes Cartrefi Conwy Station Road Mochdre Colwyn Bay LL28 5EF
REGISTERED NUMBER:	08044729 (England and Wales)
AUDITORS:	Salisbury & Company Business Solutions Limited Statutory Auditors Chartered Accountants Irish Square Upper Denbigh Road St Asaph Denbighshire LL17 0RN

Strategic Report
for the year ended 31 October 2022

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

Becoming a greener company has been high on the agenda for Brenig Construction Limited over the last 12 months and particular emphasis has been on delivering servers passive hoses using modern methods of construction (MMC). Investing in the future and leading the way with the construction of these types of properties not only reduces out carbon footprint during the construction phase, but also for years to come whilst the properties ae being enjoyed by many families within the communities that we create.

During the year, we have made several key appointments, including a new Operations Director, Sales Director and strengthened our Senior Management team. Excellent working relationship are being maintained with all our staff through transparency and communication at every level. As a Board we fully understand the need to employ individuals with the requisite skills and ensuring the business operates as a team with the necessary support in place by the management team.

REVIEW OF BUSINESS
Overall, the Directors are satisfied with the performance of the company for the period under review, given the circumstances.

As the economy emerged from COVID the sector experienced significant material cost increased limited availability of key material components and skilled labour. Delay's in the planning process left to the delays in the Company starting work at key strategic sites. Nevertheless, the team adapted to the circumstances and relaised several key opportunities which will come to fruition in the next F/Y 2023.

Trading performance

Trading performance an Key Performance Indicators may be summarised as follows:

	2022 (£'000)	**2021 (£'000)**
Turnover	11,952	14,992
Gross Margin	844	913
Operating Profit	412	(279)

In addition to the Key Performance Indicators above, the Board also monitors several operational measures within its business, which are reported within the suite of comprehensive management information produced each month.

Strategic Report
for the year ended 31 October 2022

PRINCIPAL RISKS AND UNCERTAINTIES
Whilst the impact of COVID still remains within the industry, the Board believe that as a business we are well placed to remain competitive in the market.

The key risks identified include significant material price increases and availability and lack of key resources and labour within the wider supply chain. Delays associated with planning permission remains a significant challenge in the industry. The key strategic sites that have been delayed are now progressing and other opportunities are being worked on significantly earlier in the process to allow sufficient time should future planning delays occur.

With regards to material price increases, the issues associated with the supply chain generally ceased and many of the contracts which were secured on a "fixed" basis are planned to complete soon. The opportunity to increase our prices to take account of the market will exist moving forward.

The business has two distinct divisions. The first being the private house sales, which could be affected by the micro and macroeconomics of the housing sector. However, at present the market in North Wales remains extremely strong and prices remain elevated which allows the business to absorb any additional costs and maintain the forecasted margin.

The second division is contracting, which in the main undertakes development projects for Registered Social Landlords (RSL) on a package deal basis, thus all the units are pre-sold prior to the Company commencing works on any given site and this eliminating the sales risk.

The Company trades in the main with blue-chip customers who have strong credit rating in the industry and as such the Directors do not believe that the Company is exposed unduly to the risk of significant bad debt. Payment terms are favourable and as a business we have robust processes to facilitate the "collection of payments".

Working capital requirements are a risk and to aide with managing this the business has made several key strategic decision, including the sales of shares in other business interest.

The Board is mindful of its responsibilities in respect of Health & Safety and Environmental Legislation and continues to invest in this area.

OUTLOOK
Key to the success of the business is reducing the planning risks to allow key developments to start on time and as per the forecast. The Board are wholly confident that the opportunity to price accordingly moving forward with new contracts and commence works on the delayed sites and realise new opportunities will facilitate the business to improve year on year.

The Company's impact on the community, environment and continuing its sustainability work continues to remain important. The Company ensures that the corporate and social responsibility is a high priority. We will continue to monitor our performance in all these areas as we look to optimism performance.

EMPLOYEES
As of 31 October 2022, 25% of the management team and 19% of the workforce were female, reflecting the companies' gender diversity.

ON BEHALF OF THE BOARD:

Mr M T Parry - Director

18 August 2023

Report of the Directors
for the year ended 31 October 2022

The directors present their report with the financial statements of the company for the year ended 31 October 2022.

DIVIDENDS
Interim dividends per share were paid as follows:

Ordinary A 39 shares	1945.21	- 31 October 2022
Ordinary B 39 shares	1945.21	- 31 October 2022

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 October 2022 will be £ 151,726 .

DIRECTORS
The directors shown below have held office during the whole of the period from 1 November 2021 to the date of this report.

Mr Y Han
Mr M T Parry
Mr H Vaughan

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Salisbury & Company Business Solutions Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr M T Parry - Director

18 August 2023

Report of the Independent Auditors to the Members of Brenig Construction Limited

Opinion
We have audited the financial statements of Brenig Construction Limited (the 'company') for the year ended 31 October 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We draw your attention to the Going Concern accounting policy on page 17 of the financial statements. The Company trades extensively with several other related entites and the cashflow of Brenig Construction Limited is intrinsically linked to these companie. These companies' cashflow is dependent on selling properties/developments.

These factors indicate that a material uncertainty may exist that could cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Brenig Construction Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud, to obtain sufficient audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with management and those charged with governance of the company.

Our approach was as follows:
- we obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards and issued by the Financial Reporting Council and UK taxation legislation;
- we obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance with laws and regulations

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Brenig Construction Limited**

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 a Report of the Auditors 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.

Jeremy Salisbury (Senior Statutory Auditor)
for and on behalf of Salisbury & Company Business Solutions Limited
Statutory Auditors
Chartered Accountants
Irish Square
Upper Denbigh Road
St Asaph
Denbighshire
LL17 0RN

21 August 2023

Income Statement
for the year ended 31 October 2022

	Notes	2022 £	2021 £
TURNOVER	3	11,952,895	14,992,006
Cost of sales		(11,109,325)	(14,079,173)
GROSS PROFIT		843,570	912,833
Administrative expenses		(1,377,438)	(1,467,943)
		(533,868)	(555,110)
Other operating income		945,662	276,496
OPERATING PROFIT/(LOSS)	5	411,794	(278,614)
Interest receivable and similar income		-	4,169
		411,794	(274,445)
Interest payable and similar expenses	6	(313,135)	(182,325)
PROFIT/(LOSS) BEFORE TAXATION		98,659	(456,770)
Tax on profit/(loss)	7	259,958	472,366
PROFIT FOR THE FINANCIAL YEAR		358,617	15,596

The notes form part of these financial statements

Other Comprehensive Income
for the year ended 31 October 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		358,617	15,596
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		358,617	15,596

The notes form part of these financial statements

Balance Sheet
31 October 2022

	Notes	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Intangible assets	9		127,819		-
Tangible assets	10		55,904		225,304
			183,723		225,304
CURRENT ASSETS					
Stocks	11	1,701,555		347,537	
Debtors	12	5,800,800		6,714,538	
Cash at bank and in hand		14,400		43,569	
		7,516,755		7,105,644	
CREDITORS					
Amounts falling due within one year	13	6,408,705		6,091,740	
NET CURRENT ASSETS			1,108,050		1,013,904
TOTAL ASSETS LESS CURRENT LIABILITIES			1,291,773		1,239,208
CREDITORS					
Amounts falling due after more than one year	14		(530,139)		(664,349)
PROVISIONS FOR LIABILITIES	17		(21,231)		(41,347)
NET ASSETS			740,403		533,512
CAPITAL AND RESERVES					
Called up share capital	18		78		78
Share premium	19		69,890		69,890
Capital redemption reserve	19		32		32
Retained earnings	19		670,403		463,512
SHAREHOLDERS' FUNDS			740,403		533,512

The financial statements were approved by the Board of Directors and authorised for issue on 18 August 2023 and were signed on its behalf by:

Mr M T Parry - Director

Statement of Changes in Equity
for the year ended 31 October 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 November 2020	-	587,764	69,890	32	657,686
Changes in equity					
Issue of share capital	78	-	-	-	78
Dividends	-	(139,848)	-	-	(139,848)
Total comprehensive income	-	15,596	-	-	15,596
Balance at 31 October 2021	78	463,512	69,890	32	533,512
Changes in equity					
Dividends	-	(151,726)	-	-	(151,726)
Total comprehensive income	-	358,617	-	-	358,617
Balance at 31 October 2022	78	670,403	69,890	32	740,403

Cash Flow Statement
for the year ended 31 October 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(236,601)	333,605
Interest paid		(309,623)	(171,709)
Interest element of hire purchase payments paid		(3,512)	(10,616)
Finance costs paid		63,870	75,470
Tax paid		444,087	(91,672)
Net cash from operating activities		(41,779)	135,078
Cash flows from investing activities			
Purchase of intangible fixed assets		(6,150)	-
Purchase of tangible fixed assets		(3,228)	-
Interest received		-	4,169
Net cash from investing activities		(9,378)	4,169
Cash flows from financing activities			
Capital repayments in year		(20,455)	44,092
Amount withdrawn by directors		194,169	-
Share issue		-	78
Equity dividends paid		(151,726)	(139,848)
Net cash from financing activities		21,988	(95,678)
(Decrease)/increase in cash and cash equivalents		(29,169)	43,569
Cash and cash equivalents at beginning of year	2	43,569	-
Cash and cash equivalents at end of year	2	14,400	43,569

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 October 2022

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit/(loss) before taxation	98,659	(456,770)
Depreciation charges	50,959	31,221
Amounts owed by related parties	1,817,793	482,107
Amounts recoverable on contracts	(1,788,532)	-
Payments on account	279,699	(413,436)
Government grants	(12,659)	(269,519)
Finance costs	313,135	182,325
Finance income	-	(4,169)
	759,054	(448,241)
Increase in stocks	(1,354,018)	(347,537)
Decrease/(increase) in trade and other debtors	799,708	(2,298,273)
(Decrease)/increase in trade and other creditors	(441,345)	3,427,656
Cash generated from operations	(236,601)	333,605

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2022

	31/10/22	1/11/21
	£	£
Cash and cash equivalents	14,400	43,569

Year ended 31 October 2021

	31/10/21	1/11/20
	£	£
Cash and cash equivalents	43,569	-

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/11/21	Cash flow	At 31/10/22
	£	£	£
Net cash			
Cash at bank and in hand	43,569	(29,169)	14,400
	43,569	(29,169)	14,400
Debt			
Finance leases	(44,092)	20,455	(23,637)
Debts falling due within 1 year	(867,554)	(767,645)	(1,635,199)
Debts falling due after 1 year	(643,446)	120,005	(523,441)
	(1,555,092)	(627,185)	(2,182,277)
Total	(1,511,523)	(656,354)	(2,167,877)

Notes to the Financial Statements
for the year ended 31 October 2022

1. **STATUTORY INFORMATION**

Brenig Construction Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future period.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Work in progress on contracts
Determining the valuation of construction and development contracts require judgement regarding the stage of completion of jobs at the year end. The judgements are based surveys of work performed, proportions of work agreed and billed, and confirmations of completion of a physical proportion of the contract work.

There is also judgement involved in the assessment of total expected contract values and costs. Management take a prudent approach in their assessment.

Turnover
Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing sales raised to date against total anticipated contract sales. This percentage is applied to budgeted total costs for developments to ensure appropriate costs are matched with invoiced sales.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty.

The profit included is calculated on a prudent basis to reflect the proportion of the work carried out as the year end, by recording turnover and related costs as contract activity progresses.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of nil years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

continued...

2. **ACCOUNTING POLICIES - continued**

Stocks
Stocks are valued at the lower of cost and estimated net realisable value. Net realisable value is based on estimated selling price less additional costs to complete and disposal.

Developed land and work in progress are valued at the lower of cost, which includes materials and relevant overheads, and estimated residual value.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences 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 tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are 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.

Pension costs and other post-retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense ad they fall due.

Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand and deposit held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

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2. **ACCOUNTING POLICIES - continued**

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs are subsequently carried at amortised cost using the effective interest method. Financial asset classified as receivable within one year are not amortised.

Other financial assets
Other financial assets, including investment in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairments.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflow have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an events occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairments not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loan from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Trade creditors are obligations to pay for good or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

continued...

2. **ACCOUNTING POLICIES - continued**

Other financial liabilities

Derivative, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instrument are measured and their performance evaluated on a fair value basis in accordance with a document risk management or investment strategy.

Derecognition of financial liabilities.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Leases

Leases are classified as hire purchase contracts whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under hire purchase contracts are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a financial lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, include any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Going Concern

The Company trades extensively with several other related entities (set out in Note 20) that are wholly owned by the shareholders of the Company. As such, the profitability and cashflow of the Company is intrinsically/closely linked to that of these related entities.

Whilst the Directors recognise the risks for the construction sector from the current uncertain economic outlook, they are confident that because of the profile of the developments underway the Company and its related entities will be insulated to a large extent from the impact of the potential downsides. The business has two distinct divisions. The first being the private house sales, which could be affected by the micro and macroeconomics of the housing sector. However, at present the market in North Wales remains extremely strong. The second division is contracting, which in the main undertakes development projects for Registered Social Landlords (RSL) on a package deal basis, thus all the units are pre-sold prior to the Company commencing works on any given site and thus eliminating the sales risk.

All projections depend upon subjective assumptions, and they are, according to the nature of the business, and the period covered, subject to change. Taking these assumptions into account, the Directors consider that the Company can operate within its existing debt facilities, assuming the ongoing goodwill of certain creditors, including the Crown, and the ongoing ability of the Company to continue to access development finance, which it has historically been successful in doing. The Directors are currently in discussions with the Company's funders to increase facilities to provide additional headroom.

In taking these, and all other factors into account, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and thus continue to adopt the Going Concern basis of accounting in the preparation of the financial statements. The accounts do not include any adjustments that would arise if this concept turned out not to be appropriate.

continued...

3. TURNOVER

All turnover arose in the United Kingdom.

The whole of the turnover is attributable to the principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	2,490,828	2,327,106
Social security costs	244,453	226,441
Other pension costs	59,456	57,405
	2,794,737	2,610,952

The average number of employees during the year was as follows:

	2022	2021
	60	64

	2022	2021
	£	£
Directors' remuneration	37,607	47,394

The directors received pension of £80,518 during the year (2021: £80,340).

5. OPERATING PROFIT/(LOSS)

The operating profit (2021 - operating loss) is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	9,589	13,979
Other operating leases	85,790	68,129
Depreciation - owned assets	49,924	31,221
Computer software amortisation	1,035	-
Auditors' remuneration	38,000	26,775
Auditors' remuneration for non audit work	11,663	-

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	304,467	158,714
Premium Credit interest	170	-
HMRC interest charges	4,986	12,995
Hire purchase	3,512	10,616
	313,135	182,325

continued...

7. TAXATION

Analysis of the tax credit
The tax credit on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	(239,851)	(497,221)
Deferred tax	(20,107)	24,855
Tax on profit/(loss)	(259,958)	(472,366)

UK corporation tax has been charged at 19% .

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit/(loss) before tax	98,659	(456,770)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	18,745	(86,786)
Effects of:		
Expenses not deductible for tax purposes	1,019	3,116
Depreciation in excess of capital allowances	8,252	-
Adjustments to tax charge in respect of previous periods	-	(297,221)
Tax relief in respect of research and development	(267,867)	(200,000)
Deferred tax (credit)/charge	(20,107)	11,483
Deferred tax not recognised in respect of trading losses	-	97,042
Total tax credit	(259,958)	(472,366)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

8. DIVIDENDS

	2022	2021
	£	£
Ordinary A shares of 39 each		
Interim	75,863	139,848
Ordinary B shares of 39 each		
Interim	75,863	-
	151,726	139,848

continued...

9. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
Additions	6,150
Reclassification/transfer	122,704
At 31 October 2022	128,854
AMORTISATION	
Amortisation for year	1,035
At 31 October 2022	1,035
NET BOOK VALUE	
At 31 October 2022	127,819

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 November 2021	637	6,273	145,361	231,773	384,044
Additions	-	-	-	3,228	3,228
Reclassification/transfer	-	-	-	(167,645)	(167,645)
At 31 October 2022	637	6,273	145,361	67,356	219,627
DEPRECIATION					
At 1 November 2021	53	3,561	92,783	62,343	158,740
Charge for year	156	684	13,140	35,944	49,924
Reclassification/transfer	-	-	-	(44,941)	(44,941)
At 31 October 2022	209	4,245	105,923	53,346	163,723
NET BOOK VALUE					
At 31 October 2022	428	2,028	39,438	14,010	55,904
At 31 October 2021	584	2,712	52,578	169,430	225,304

11. STOCKS

	2022 £	2021 £
Stocks	25,978	25,978
Work-in-progress	1,675,577	321,559
	1,701,555	347,537

continued...

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	87,465	725,674
Amounts owed by related parties	2,881,244	1,704,201
Amounts recoverable on contract	756,932	2,545,464
Other debtors	31,500	10,000
Directors' loan accounts	-	166,600
Tax	685,559	-
VAT	8,784	3,393
Prepayments and accrued income	1,349,316	1,559,206
	5,800,800	6,714,538

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 15)	108,022	310,254
Other loans (see note 15)	1,527,177	557,300
Hire purchase contracts (see note 16)	16,939	23,189
Payments on account	1,089,449	1,369,148
Trade creditors	2,214,581	2,854,223
Amounts owed to related parties	152,336	793,086
Tax	300,902	(588,893)
Social security and other taxes	408,207	400,023
Other creditors	121,144	14,321
Directors' loan accounts	227,569	200,000
Accruals and deferred income	52,432	-
Accrued expenses	189,947	159,089
	6,408,705	6,091,740

Bank loans due within one year of £41,667 (2021: £270,833) are secured by fixed and floating charge over the assets of the company.

Balances of £374,852 (2021: £167,232) recognised within other loans are secured over the assets for which the loan was taken out to develop.

Balances of £540,349 (2021:£236,971) recognised within other borrowings are secured by a floating charge over the assets of the company.

Balances of £105,209 (2021:£NIL) recognised within other borrowings are secured by a floating charge over the assets of the company.

Net obligations under hire purchase contracts are secured on the assets to which they relate.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 15)	143,130	207,498
Other loans (see note 15)	380,311	435,948
Hire purchase contracts (see note 16)	6,698	20,903
	530,139	664,349

Net obligations under hire purchase contracts are secured on the asset to which they relate.

continued...

15. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	108,022	310,254
Other loans	1,527,177	557,300
	1,635,199	867,554
Amounts falling due between one and two years:		
Bank loans - 1-2 years	143,130	207,498
Other loans - 1-2 years	380,311	435,948
	523,441	643,446

The long-term loans are secured by fixed and floating charges over the assets of the company.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	16,939	23,189
Between one and five years	6,698	20,903
	23,637	44,092

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	57,549	57,529
Between one and five years	187,615	202,944
In more than five years	224,279	266,499
	469,443	526,972

17. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	21,231	41,347

	Deferred tax
	£
Balance at 1 November 2021	41,347
Utilised during year	(20,116)
Balance at 31 October 2022	21,231

continued...

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
39	Ordinary A	39	39	39
39	Ordinary B	39	39	39
			78	78

19. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 November 2021	463,512	69,890	32	533,434
Profit for the year	358,617			358,617
Dividends	(151,726)			(151,726)
At 31 October 2022	670,403	69,890	32	740,325

20. RELATED PARTY DISCLOSURES

At the balance sheet date amounts owed by Brenig Homes Limited, a company in which M Parry and H Vaughan have a controlling interest, was £744,487 disclosed in amounts owed by related parties. As at 31 October 2021 Brenig Construction Limited owed Brenig Homes Limited £666,901.

The company has advanced funds to Brenig Developments Limited a company which M Parry and H Vaughan have a controlling interest. At the balance sheet date amounts owed to Brenig Developments Limited due in less than one year were £75,891 disclosed in amounts owed to related parties. As at 31st October 2021 £736,263 was owed by Brenig Developments Limited.

The company has advanced funds to Calon Homes LLP a limited liability partnership in which M Parry and H Vaughan had a controlling interest during part of the year. At the balance sheet date amounts owed by Calon Homes LLP due in less than one year were £NIL (2021: £706,944) disclosed in amounts owed to related parties.

The company has advanced funds to Hillcrest (Buckley) Limited a company in which M Parry and H Vaughan have a controlling interest. At the balance sheet date amounts owed by Hillcrest (Buckley) Limited due in less than one year was £10,090 (2021: £4,613) disclosed in amounts owed by related parties.

The company has advanced funds to Mary Bamber Developments Limited a company in which M Parry and H Vaughan have a controlling interest. At the balance sheet date net amounts owed by Mary Bamber Developments Limited due in less than one year were £2,126,667 (2021: £256,384) disclosed in amounts owed by related parties.

During the year, the company received advances from Seel Plant Hire Limited a company in which M Parry and H Vaughan have a controlling interest. At the balance sheet date amounts owed to Seel Plant Hire Limited due in less than one year were £53,786 (2021: £88,372) disclosed in amounts due to related parties.

During the year, the company paid £25,046 (2021: £184) to The Old Wheatsheaf Buildings Limited a company in which M Parry and H Vaughan have a controlling interest. At the balance sheet date amounts owed to The Old Wheatsheaf Buildings Limited due in less than one year were £22,659 (2021: £37,806) amounts due to related parties.

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21. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

	2022	2021
	£	£
Charge to profit or loss in respect of defined contribution schemed	139,974	137,745

The company operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22. DIRECTORS TRANSACTIONS

During the year the company borrowed a further £27,569 from the directors (2021: made further advances of £134,309). These amounts were unsecured and repayable on demand.

In 2020 a director made an advance to the company totalling £200,000. These amounts were unsecured and repayable by 24 October 2024. Interest was charged ar 3% on these amounts.

The closing balances on the directors' current accounts are £227,570 (2021: £33,400).

During the year, dividend were paid to directors of £151,726 (2021: £139,848).