

Registered number: 12692393

ARAGLIN HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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ARAGLIN HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr Jason Anthony Carey Mr John Anthony Carey Mr Thomas Noel Carey Mr Paul Albert Johnson (appointed 2 December 2021, resigned 20 October 2022) Mr Stephen Maslin (appointed 2 December 2021) Mrs Fiona Mary O'Donnell Mr Warren Paul Underwood (appointed 2 December 2021, resigned 1 April 2022) Mrs Julie Dawn Welch (appointed 2 December 2021, resigned 20 October 2022) Mr William James Buchan (appointed 17 April 2023)
Company secretary	Mrs Deborah Wakeford (appointed 4 January 2023)
Registered number	12692393
Registered office	Farrow Accounting & Tax Limited Unit T13, Tideway Yard 125 Mortlake High Street London United Kingdom SW14 8SN
Independent auditors	MHA Statutory Auditors Floor 6 2 London Wall Place London EC2Y 5AU

ARAGLIN HOLDINGS LIMITED

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ARAGLIN HOLDINGS LIMITED

CHAIR'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

I am delighted to have been given the opportunity to take on the role of Executive Chair for Araglin Holdings Limited and its subsidiaries (together the "Group"). I have been lucky enough to be a part of the Group for over 20 years and in that time, I have witnessed a business grow and mature into what it is today, a family business that continues to perform steadfastly, facing challenges with care, humility, passion and authenticity – the Carey Way. This year, like last, has tested our resilience but through all that we have faced our key priority has been and will continue to be the safety and wellbeing of our people.

The Group is pleased to report a record Profit After Tax of £30m, more than double the previous financial year, whilst annual revenue also increased by 5.6% on the previous financial year. Demanding projects have been handled with conservatism and prudence and the execution of certain exceptional projects has helped to lift turnover in our core contracting business by 14% versus the prior year whilst maintaining our strong safety record.

The year has been a turbulent one with continued challenges; the war in Ukraine, inflationary pressures, the energy and cost of living crises. The Group has worked tirelessly to mitigate these risks impacting our projects by working proactively with our clients and supply chain. The resulting loss after tax of £35m for our contracting division is disappointing but opportunities within our property division have realised a positive set of results, with a profit after tax of £65m, a testament to the long-term strategy of the Group

At 30 September 2022 the Group has net assets of £157m, which included £72m of Real Estate and £73m of gross cash.

Decisive actions have been taken and we have worked hard to protect ourselves from continued inflationary pressures. Looking forward we are well positioned and current trading shows the contracting business returning to profitability and we continue to move forward with confidence. We have a strong order book of secured future contract revenue of over £600m and we are well capitalised. Net cash of £65.6m, compared to a net debt of £1.4m for the prior year. In addition we have an un-drawn, revolving credit facility of £15m.

To support our strategy to deliver exceptional construction services and ensure compliance with emission regulations we continue to make significant investment. Over the next three years we will look to invest over £25m in plant, facilities and technology with some of this great work already under way.

We have recently appointed a second Non-Executive Director to the Board, taking on the role of Remuneration Committee Chair and welcomed several new colleagues to our leadership teams. The addition of these new skills will allow us to continue, at pace, our pursuit of being a great place to work, delivering operational excellence, and being a partner of choice.

On behalf of the Board and the Carey family, I would like to close by thanking all our great people who continue to work tirelessly for the company, our clients for their ongoing belief in us and our supply chain whose positive relationships have proved more important than ever over the past 12 months. My pride in the excellent work already completed is a result of the continued dedication of our many talented colleagues to whom we owe both our gratitude and our ability to face the challenges of tomorrow with great confidence.



Name Mrs F O'Donnell
Executive Chair of Araglin Holdings Limited

Date 29 June 2023

ARAGLIN HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report for the Group and parent company for the year ended 30 September 2022.

Business review

The Group has, of course felt the effects of the challenging markets in which we operate, driven predominantly by construction materials inflation. This resulted in many materials we use in large volumes more than doubling in price with lead times tripling, whilst labour shortages continue to be an industry-wide issue.

The greatest threat to UK construction is from higher oil and gas prices. High energy costs are feeding through to the production of energy-intensive construction products and materials. As a result, we have seen several surcharges and price increase notifications throughout the financial year.

Through solid, long term relationships and additional planning and management, we managed to limit the negative impact, however, like others, were unable to be completely unaffected by the challenges.

We also endured some challenging and complex projects this year, but have employed a conservative and prudent approach to recover from these and deliver high quality work for our clients whilst maintaining our strong safety record.

Araglin Holdings Limited continues to manage the Group's property portfolio. During the reporting period notable transactions included the sale of Hannah Close, a 12.5 acre site in Wembley that includes three warehouses comprising over 245,000 sq ft and the acquisition of a prime 6.5 acre, 39,500 ft² site at Aston Clinton, Aylesbury, which will become the new home of Careys Plant & Fleet, servicing our operations in the South-East and Midlands regions.

Additional Real Estate includes Hand Axe Yard (London), Elfield Park (Milton Keynes), Baird Street (Glasgow) and other development sites.

PJ Carey (Contractors) Limited (known as 'Careys') operates across England and Scotland with offices in London, Milton Keynes and Glasgow, providing the following services: digital and construction engineering, cut and carve and façade retention, remediation and enabling, infrastructure, basements and substructures, superstructures and public realm and hard landscaping.

Highlighted projects for the reporting period include infrastructure projects at Shepperton Studios and Graven Hill, superstructure works in London, Glasgow and Edinburgh, Energy from Waste facilities at Westfield and Skelton Grange, and Perry Barr - a utilities and design and build infrastructure package in Birmingham which includes the substructure and superstructure packages and hard landscaping.

Careys has a strong order book of secured future contract revenue of over £500m.

BDL Group Limited ('BDL') operates across London and the home counties, providing the following services: Drywall systems, Suspended ceilings, Lightweight steel framing systems and Screeding.

BDL delivered a number of schemes in the financial year. Most notable of the commercial schemes were projects at Leadenhall, Blossom Street, Nine Elms and the new Google headquarters at Kings Cross. On the residential side there continues to be a wide range of schemes at a number of locations including Kingston, Brentford, London Dock and Mill Hill.

Despite the ongoing economic impacts of inflation and materials shortages, BDL's relationship with key clients and suppliers remains strong with over £50m of work secured for the coming financial year.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Principal risks and uncertainties

Risk

The Group's business involves a number of inherent risks which are captured in the Group risk register and for which the controls framework and mitigation actions are monitored regularly by the Risk and Audit Committee.

Health and Safety failings

The Group operates in environments with the potential to cause serious injury to our direct workforce, sub-contractors, clients, or members of the general public.

Mitigation:

- The Group runs a robust, integrated management system which is certified to ISO9001, ISO14001 and ISO45001
- Detailed planning, monitoring and risk assessments are executed for every site, including regular training of our workforce ("Plan, Do, Check, Act")
- Internal and external health and safety audits are conducted regularly, and all results reviewed carefully
- Thorough investigation is conducted of all accidents and near misses
- The Group has a system of regular sharing of good practices and learnings from accidents and near misses
- The application of these processes is monitored by the Executive Committee and Board of Directors
- The Group operates a safety culture under the banner "Safe Home Every Day" ("SHED") and the SHED training programme for site leaders was refreshed in the year

Contract delivery failings

The Group delivers a number of complex projects which carry the risks of delayed delivery, not meeting client specification and cost overruns, which could threaten the Group's reputation and profitability.

Mitigation:

- Robust tender and contract take-on controls are operated by the Chief Executive Officer (CEO) and Senior Leadership team to ensure that the Group only accepts contracts for which it has the experience and expertise to deliver to an excellent standard
- Monthly project reviews are held at which the project manager, quantity surveyor, commercial manager and regional director review the operational, commercial, and financial performance of each live project
- Monthly trading and contract reviews are held at which the Regional Operational Directors, Operational Directors, Finance Director and regional commercial leads review the operational, health and safety and financial performance of all key contracts. All projects with live disputes or contractual claims are reviewed in order to track progress and drive resolution
- Operational management meetings are held monthly where the Regional Operational Directors present their regions to the CEO and Chief Financial Officer (CFO)
- A process of peer reviews of contract performance and end of life forecasts was introduced towards the end of the year.

Inability to recruit and retain talented people

The Group operates in a competitive sector and requires highly talented leaders to ensure it retains leadership in key markets. Its underlying contracts require delivery of a range of services by highly skilled technicians.

Mitigation:

- The Group uses detailed job descriptions to provide clarity of role and sets robust objectives which are then monitored through one-to-ones and Key Performance Indicators (KPIs).
- The Board of Directors undertake an effectiveness review and undertakes peer feedback.
- Capability and talent reviews are conducted to ensure that there are succession plans in place for key leadership positions
- Development programmes and career pathways are set out to develop talent so that the Group is well resourced to meet future needs
- The Group CEO conducted a review of the leadership team, refreshing a number of roles and recruiting experienced leaders into newly created roles.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Supply chain vulnerability

The Group's ability to operate could be compromised by loss or non-performance of a key supplier.

Mitigation:

- The Group maintains regular dialogue with key suppliers
- The Group identifies at least three key suppliers for each business activity to ensure continuity of supply should one supplier fail
- Creditor balances are reviewed weekly to ensure relationships are not threatened
- The availability of adequate materials and other resources is reviewed before the commencement of all new contracts and allowance for materials price inflation is factored into large tenders.

IT systems, data and cyber security are compromised

In common with most businesses, the Group could suffer reputational and financial loss if systems fail, data is lost, and its security of information is compromised.

Mitigation:

- The Group complies with GDPR and Computer Misuse Act
- The Group complies with ISO 270001:2005
- The Group has created a new role of Chief Information Officer (CIO) who will sit on the Executive Committee
- The Group has implemented a change programme to modernize and integrate its IT infrastructure.

Political and macro-economic disruption

The Group's business model could suffer from unforeseen significant adverse events.

Mitigation:

- Active involvement with trade representative and other business enables the Group's leaders to identify and plan for potentially significant adverse events
- An enhanced Board of Directors combines a leadership team with a strong understanding of the construction sector and the Carey family values with professional experience of other large entities
- The Group implemented new contract take-on controls in order to protect itself from unmatched exposures to future inflationary cost increases.

Business continuity threat

In common with every business the Group's ability to continue to operate could be threatened by a catastrophic external event, such as the Covid-19 pandemic.

Mitigation:

- The Group implemented its business recovery plan in successfully combating the disruption caused to much of UK business by the Covid-19 pandemic
- The Group operates a business continuity framework designed to: i) keep our people safe; ii) keep our clients and other stakeholders safe; iii) communicate regularly with all key stakeholders; iv) ensure the Group's financial health
- In the event of a business crisis the Executive Committee meets daily to ensure there is clear accountability for urgent actions and communication
- Rolling cash forecasts are reviewed at least weekly
- Effective remote working procedures are in place.

Non-compliance with law or regulation

The Group's activities could be seriously disrupted if it were found not to have complied with key aspects of law or regulations.

Mitigation:

- The Group has rigorous policies for anti-bribery and corruption, money laundering, and gifts and hospitality, and mandatory training of all the workforce is conducted periodically
- The Group maintains a whistle-blowing hotline which is administered by an independent, external agency
- The Group maintains a transparent approach with all regulators and government agencies.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial Risks

Credit risk

The Group delivers large, complex projects to a number of clients and a failure to recover amounts receivable on a timely basis could damage the Group's available cash balances.

Mitigation:

- Credit references are obtained before a new client is taken on
- Credit references are subject subsequently to periodic review
- Key contracts are reviewed by members of the Senior Leadership team on a weekly basis and risk from poor project delivery or client financial instability are highlighted and appropriate actions taken
- Aged debtors are reviewed by the credit control at least weekly and overdue debts reported to the CFO weekly and the Senior Leadership team monthly.

Liquidity risk:

The Group's business would be disrupted if it maintained inadequate cash reserves and was unable to meet its liability to the workforce and creditors on a timely basis.

Mitigation:

- Outstanding balances due from clients and due to creditors are reviewed on a weekly basis by the CFO
- The CFO prepares rolling three-month cash forecasts which are monitored and updated weekly and monitored by the Board of Directors at least quarterly
- The CFO prepares an annual cash forecast which is monitored by the Board of Directors quarterly.

Defined benefit pension scheme liability

We are responsible for funding our defined benefit pension scheme. Should our pension fund liabilities increase, we would need to make additional pension deficit payments, which would negatively impact our working capital.

Mitigation:

In addition to Trustees appointed from within the Group, our defined benefit pension scheme also has independent third-party Trustees. In order to help them manage the scheme's investments, the Trustees have employed scheme advisors who guide them in implementing an investment strategy that meets the objectives of the scheme. Funds are spread among a number of providers, which are tasked with achieving capital growth and diversification, whilst avoiding excessive volatility. The Trustees have pursued a balanced approach to risk, in order to gain an increased expectation of better returns. This methodology has the added benefit of avoiding excessive reductions in fund value, during periods of poor stock market performance.

The scheme administrator produces an annual calculation of the scheme's liabilities so that the Trustees can monitor the scheme's performance on a regular basis.

During the year the Group appointed its own actuarial pension consultants

Property management

In addition to properties used by the business, The Group manages several investment properties and properties for development. There is a risk of disputes or loss of value if disagreements arise with tenants or other stakeholders.

Mitigation:

- The property estate is managed by an experienced professional property management team.
- The property management team report quarterly to the Board on key issues arising and potential acquisitions or disposals.
- Key property transactions are reviewed in advance by the Board to its appointed committee.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial key performance indicators

The Group delivered revenue growth of £19m, or 6% in the year. Revenue from our core contracting business increased by 14%.

Operating loss in 2022 due to inflation, under performance on a small number of key contracts and project delays.

Working capital management continues to be a key focus for the Group. The sale of investment property during the year enabled the Group to retain a strong cash position during a challenging year.

	2022 £m	2021 £m
Group revenue	366	347
Operating profit	43	16
Net cash / debt	66	(1)

Other key performance indicators

Clients and projects - We won 34 projects and 25 clients. Operating across the UK, we continue to deliver a wide range of projects for our valued clients.

Sustainability - We have mapped our carbon emissions of all scope 1, 2 and 3 emissions and made a commitment through Science Based Target Initiatives (SBTi).

Health and safety - 5 RIDDORS and 3 Services Strikes. Decrease of 6 x RIDDORS and 14 buried service strikes against the previous reporting period.

People - We have 48 first aiders and 51 apprentices in our workplace. We have increased our mental health first aiders by over 30% and apprentices by 56%.

People - 96 development workshops attended by our construction managers and supervisors (Black Hats) covering 8 modules.

People - 43 people trained to be mentors internally / with external mentors.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Section 172 (1) Statement

The Board of Directors, in line with their duties under section 172 of the Companies Act 2006, have acted in a way that they consider, in good faith, promotes the success of the Group for the benefit of its members as a whole. In doing so they have regard to a range of matters when making decisions for the longer term.

Such considerations of how section 172 factors have been applied by the Board of Directors are noted below:

- The likely consequences of decisions in the long term have been discussed further in the Chair's Statement.
- The interests of the Company's employees can be found within the Strategic Review and Our People section where we detail our strategic goal of Great Place to Work
- The need to foster the Company's business relationships with suppliers, customers and others is included within the Chair's statement where we outline our goal to become the Partner of Choice.
- The impact of the Company's operations on the community and the environment are included within Health, Safety and Environment and Quality on page 10.
- The desirability of the Company maintaining a reputation for high standards of business conduct remains paramount to the business and can be seen throughout our report.
- The need to act fairly between members of the Company is summarised below.

The Group recognised the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the Board of Directors encourages active dialogue and transparency with all its stakeholder groups.

The Board of Directors is responsible for setting the Group's overall strategy and maintaining oversight of its activities. The Board of Directors believes that having regard to each of these stakeholder groups ensures the proper discharge of their duties under section 172(1).

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Our people

Workforce engagement

Engagement with and feedback from our workforce are vital to maintaining a sustainable business and integral to our strategic goal of being a Great Place to Work. Such feedback is not limited to Company employees but also includes contractors and agency workers. We engage with colleagues on a regular basis and in a number of ways to suit their different working patterns and environment.

During the last year we have relaunched our 'Golden Hour' – this is the first collective task of our site management teams each day on our project sites to walk their job and speak to colleagues and operatives to ensure that they have everything they need to get their job done safely. It happens every day without fail. Safety is a key part of Golden Hour but it is also about building connections, listening and ensuring active daily workforce engagement and wellbeing issues continue to be at the centre of our strategy as a Group.

We hold leadership briefings and each month we broadcast a live 'Townhall' where we cover everything from company financial performance and wider economic factors affecting the Group to new initiatives and project news. Senior management conducts regular site and office visits to engage with our people directly and meet as many of our teams from as large a cross section as possible, providing the Board with another channel of direct feedback from the workforce.

One-to-one meetings and daily check-ins are the tool we use to coach for performance in the business and it provides the opportunity to feedback on how our values and behaviours are being lived, as well as employee development. Newsletters are also widely read by all the workforce.

We take active measures to monitor our colleagues health and wellbeing through occupational health and have in place a robust reasonable adjustment policy to ensure colleagues are fully supported.

The Group stays responsive to the needs of its people and should any colleague of the Group become disabled during their time with us, we will actively make reasonable adjustments to their working environment where possible, in order to keep the employee within the Group. There is also support provided through Careys Foundation and with our relevant partners such as The Lighthouse Club, our Employee Assistance Programme (EAP) partner, whilst our team of internal mental health first aiders remain an important safe space for colleague support and feedback and representatives from this team share key themes confidentially where appropriate.

We firmly believe, however, that it is in our everyday local interactions where employee involvement has the biggest impact. Our daily interactions, check-ins and 1:1s are given great importance in understanding what matters most to our people and building on supportive team relationships.

Coaching and mentoring

For those new to a role we have a series of internal champions who coach and mentor people, from early talent entrants all the way to senior leaders. Our Board act as peer buddies for each other.

Our Black Hats are our construction managers and supervisors and are one of our most influential communities in the workforce. We have developed a bespoke Black Hat development programme for them consisting of eight modules across a structured framework of workshops and corresponding on-the-job activities. As a result of the programme the company will have skilled Black Hats who are all-rounded and high performing which will continue the pipeline of future site leadership and succession planning for the next generation.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Social value refers to the economic, social, and environmental well-being in connection with public services contracts. The targets set for projects are there to address the following social problems:

- Economic inequality, including creating new businesses, jobs, and skills.
- Climate change and reduce waste.
- Equal opportunities, including reducing the disability employment gap and tackling workforce inequality and promoting community integration.

A key activity for the Carey Group here is through apprenticeships – they not only bring new job opportunities into an area, but also a way of skilling people who previously weren't trained within an industry. When you train an apprentice, you are not only giving them a job but also skilling them for life, resulting in more qualified people living in that area, and enabling them to provide for themselves and potentially others in their family. The income that they make is more likely to be spent again in their local area, meaning that in one commitment there are many positive social and economic benefits that will last for many years.

Celebrating diversity

Through our diversity policy, the Group seeks to ensure that all our people, without exception, are treated equally and fairly and that all colleagues are aware of their responsibilities. The Group has a commitment to improve diverse representation, close its gender pay gap and continue building an inclusive culture that allows employees, suppliers and stakeholders to be at their best.

Our diversity and inclusion council meets monthly with colleague representatives across the Group from different backgrounds, tenures, ethnicities, genders, sexual orientation, disabilities, neuro- diversities, ages, economic and educational backgrounds, caring responsibilities and more. The Council's simple aim is to make the Group a more inclusive and diverse workplace, allowing our employees to come to work and be their authentic selves.

The Araglin Holdings Board itself is well balanced and during the year comprised of two female directors (one of whom is the Executive Chair) and five male directors, of which there were four family and three non-family directors supported by a female General Counsel / Company Secretary.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Health, Safety, Sustainability and Quality.

This report provides analysis on the performance of Health, Safety, Sustainability and Quality (HSSQ) throughout the Carey Group, for the reporting period 1st October 2021 to 30th September 2022.

Executive Summary

We continue to improve our safety culture and our safety performance within the Carey Group and are pleased to record our lowest Accident Frequency Rate (AFR) of 0.10, in ten years. In this reporting period we recorded five RIDDORS, which is a decrease of 54% from the previous year.

At Board and Executive Committee level, we have produced a series of Health and Safety KPI's, which enable us to get a quick pulse, a sense check of our current Health and Safety performance. We are not just focusing on reducing our reportable accidents, additionally we are focused on reducing our LTI (Lost Time Incidents).

We also continue to monitor underground buried services damaged during our operations, as these pose a significant threat to the safety of our colleagues. In this reporting period we damaged three underground services, a reduction on the previous year of 82%.

During the reporting period we refreshed our behavioural safety programme, Safe Home Every Day (SHED), and feedback from these sessions is very positive. These SHED sessions are designed to highlight a safer approach and are not a standard training course where you need to learn new facts and figures. SHED does, however, highlight the camaraderie we have within the Carey Group, where we each take the time to look out for one another. This approach is supported by our charity partner, the Lighthouse Club, who are also our Employee Assistance Programme (EAP) partner. With the support of our own internal Mental Health First Aiders and a number of campaigns across our sites and offices, we've raised the awareness of mental health issues and the free support and help available to our colleagues and their families.

We launched the Carey Group Sustainability Strategy in FY21, consisting of three C's, (Carbon, Compliance+ and Community) and are pleased to confirm that our greenhouse gas emissions reduction target has been independently reviewed and approved by the Science Based Targets initiative (SBTi), as referenced in the following link: [Companies taking action - Science Based Targets](#). Additionally, we have started experimenting with low carbon concrete on our projects in an attempt to reduce our Scope 3 carbon emissions and to support our clients in achieving carbon net zero.

The quality of the product(s) we build is monitored during Operational Excellence and Partner of Choice meetings to ensure we continually meet or exceed our clients' expectations. This is supported and monitored through compliance with our Business Management Systems (BMS) and through the numerous external audits conducted across the Carey Group to ensure we maintain our accreditations, subscriptions, and memberships to several third-party verifying organisations, including (but not limited to) Achilles, Lloyds, Constructionline, and the Common Assessment Standard.

HSSQ Policy

The Carey Group HSSQ Policy has been reviewed, amended, and approved by Jason Carey (Carey Group Chief Executive Officer).

The amendment of the Policy included the combining of our Sustainability Strategy with our Health and Safety Policy to act as a combined and integrated HSSQ Policy that shapes our thinking and approach.

The Carey Group HSSQ Policy confirms that Jason Carey is personally committed to the active promotion and implementation of the highest HSSQ standards and service to our stakeholders, based on a culture of zero defects, prevention of ill health, incidents, and impacts, whether they are to people, product, property, plant, equipment, the local communities, or the environment. Additionally, Jason is dedicated to the Carey Group's protection of the environment, preventing pollution, and minimising disturbance to local communities and the environment in which our work is conducted.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Careys Foundation

2022 was a special celebration at the Carey Group as we are proud to celebrate 10 years of Careys Foundation. Careys Foundation was established in 2012 and became a registered charity in 2015. Through the activities of the Foundation, we are able to leave a positive legacy on the communities we work within. We take considerable pride in the Foundation's commitment and approach to helping others, which is firmly grounded in the strong Carey family values which have underpinned the wider Group since 1969. To date, the Foundation has contributed over £2m to charitable and worthy causes.

Community

We believe in honouring, respecting and supporting the communities we work within.

At all times, throughout each and every one of our projects, we look to engage positively with the community. This is best demonstrated through projects like Kettering General Hospital dementia garden. Careys and BDL contributed people, resources and funds to transform an unused area into a stimulating space for patients and visitors to enjoy whilst in hospital. In addition to the garden, two new buildings now provide office space and a café for dementia nursing specialists to meet with patients and their families.

Volunteering

Offering our time and resources to help improve the lives of others is in our Company DNA and a fundamental part of living our values. We provide volunteering opportunities and support for all of our people to apply their skills outside of the workplace. Through our volunteering scheme, everyone is entitled to one paid day of leave each year that they can use to volunteer for a charity of their choice.

Through our volunteering activities, we have seen first-hand that small gestures of support, provided enthusiastically by thousands of people, can provide incredible benefits for worthy causes.

Charity

We actively encourage and support all our people to fundraise for charitable causes – they reflect our values with their amazing actions and are keen to get involved. Typical activities include challenges such as mountain climbs and extreme races in order to raise awareness and funds for charity.

During 2021/22 the Lighthouse Construction Industry Charity (the Lighthouse Club) is Careys Foundation's key charity partner. As our key charity partner Careys Foundation are committed to raising awareness and funds for the Lighthouse Club, supporting numerous events and initiatives. To date, this has included:

- Lighthouse Club branded vehicles - We launched our partnership with a branded truck promoting the Lighthouse Club and their support helpline. To further raise awareness and funds, we have branded two additional Careys Plant and Fleet support vehicles. These are highly visible on UK roads spreading the message and promoting the Lighthouse Club, the great work they do and the services and support they offer to the people in our industry.
- Promoting the 'Help Inside the Hard Hat' initiative with a tour across our project sites:
 - A campaign to raise awareness of poor mental health within our industry. In the UK, two construction workers take their own lives every working day and stress, anxiety and depression account for a fifth of all work-related illnesses. A huge focus of the campaign and tour was awareness of the pro-active support and resources for our construction community including the 24/7 Construction Industry Helpline, free app and mental health training.
- Careys Foundation Cycle Challenge - This hugely popular event saw two static spin bikes set up at six locations across the UK - Glasgow, Sellafield, Manchester, Milton Keynes, Wembley and Oxford Street – where Careys employees, were challenged to cycle the distance of Glasgow to London not once, but six times during a 24-hour period! The event raised over £10,000 to support the Lighthouse Club as well as our five regional charities.

ARAGLIN HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

In addition to our key charity partner, each Carey Group region is given the opportunity to support a smaller, local charity within their community. The 2021/22 chosen regional charities are:

- ARC Cancer Support Centres
- Barnabus
- Maggies
- Tommys
- Mind

Introduction to Governance

The Araglin Group and its Board of Directors remains committed to upholding the highest ethical standards and values within the Group.

Improving our governance is a continual process for the business. Whilst we are not legally obliged to, we adhere to the Wates Governance Principles for Large Private Companies as published by the FRC in December 2018 as the Board of Directors takes the view that these principles represent best governance practice and are an appropriate benchmark for the Araglin Group to assess itself against.

For the year ended 30 September 2022, we have continued to apply the Wates Governance Principles for Large Private Companies to our approach to governance. For reasons discussed elsewhere in this report, we have focused heavily on opportunity and risk, to enable the continued long-term success of our business.

During the reported year, a Board Effectiveness Review was carried out, using an independent third-party provider. This was the first review of its' kind for the Board and stimulated some healthy conversations with regards to our Board composition and how the Board can work effectively together to provide healthy challenge and oversight to the business operations and help them with the difficult market conditions that they have had to face.

We have welcomed new leaders into our business to help us with identifying and mitigating the risks that we face – both externally and internally – and this has allowed us to review our processes and invest in new systems to provide renewed oversight over our business operations. This is an ongoing process, and we are actively reviewing our framework for internal decision-making to allow for the great entrepreneurial spirit that Careys is known for, to flourish within agreed boundaries.

A strategy review during the year allowed us to re-assess the current strategy against the difficult economic background and gave the Board and senior leadership team the opportunity to review re-prioritise business objectives.

Stakeholder engagement has been an area where we have seen further development. As well as continuing to communicate with our founding shareholders on a regular basis, we have continued to develop communications with our workforce and have welcomed colleagues from within the business to come and present to the Board.

As we moved into the new financial year, we have further strengthened our Board capability by welcoming Jamie Buchan as our second independent Non-Executive Director (together with Steve Maslin). This provides further balance to our Board and allows us to have two independent directors to chair our Remuneration Committee and our Risk & Audit Committee. We are grateful to both Steve and Jamie for their efforts and enthusiasm in helping us continually develop our governance.

ARAGLIN HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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



Mrs Fiona Mary O'Donnell
Director

Date: 29 June 2023

ARAGLIN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of Araglin Holdings Limited during the year was property development and investment. The principal activities of the Company's subsidiaries during the year was development and delivery of civil engineering solutions and installation of dry lining and drywall suspended ceilings and plaster finishes.

Results and dividends

The profit for the year, after taxation, amounted to £30,497k (2021 - £13,425k).

An interim dividend of £4,500k was paid during the year (2021 £nil) and the Directors do not recommend that a final dividend is paid.

ARAGLIN HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Directors

The directors who served during the year were:

Mr Jason Anthony Carey
Mr John Anthony Carey
Mr Thomas Noel Carey
Mr Paul Albert Johnson (appointed 2 December 2021, resigned 20 October 2022)
Mr Stephen Maslin (appointed 2 December 2021)
Mrs Fiona Mary O'Donnell
Mr Warren Paul Underwood (appointed 2 December 2021, resigned 1 April 2022)
Mrs Julie Dawn Welch (appointed 2 December 2021, resigned 20 October 2022)

Future developments

Information concerning future development is set out in the Chair's statement and the in the Business Review within the Strategic Report.

Engagement with suppliers, customers and others

The group is focused on maintaining and growing relationships with our key stakeholders including our supply chain. Many of our suppliers are long-term partners of the Group and we value their contribution.

ARAGLIN HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Greenhouse gas emissions, energy consumption and energy efficiency action

	<u>Emissions Scope</u>	2022 t CO2e	2021 t CO2e	2020 t CO2e
Emissions from combustion of gas	1	45.64	55.45	65.50
Emissions from combustion of fuel for transport purposes	1	2,494.31	2,930.05	4,643.94
Emissions from other activities which the Group own or control including operation of facilities	1	7,629.85	5,550.42	8,082.91
Emissions from purchased electricity	2	217.15	206.16	552.18
Scope 1 + 2		10,386.85	8,742.07	13,344.52
Emissions from business travel in rental cars or employee-owned vehicles where the business is responsible for purchasing the fuel	3	377.38	340.06	210.64
Scope 1 + 2 + 3		10,764.33	9,082.14	13,555.17
Underlying energy (kWh)		43,544,319	36,847,820	54,404,580
t CO2e/ £m turnover (Scope 1 + 2)		28.37	24.98	31.70
t CO2e/ £m turnover (Scope 1 + 2 + 3)		29.40	25.95	32.20

Methodology

A location-based calculation of CO2 equivalent emissions was made using energy data collected from utility energy suppliers. Energy and emissions from owned transport were modelled using fuel card data. Energy and emissions from business mileage were modelled using an average UK vehicle.

The methodology is consistent with the 2022 edition of the UK Government GHG Conversion Factors for Company Reporting.

Energy efficiency action over the financial year

Our carbon emissions reduction performance is not where we want it to be. We have worked hard in the last twelve months to establish a direction of travel and action plan to address this. This includes completing a whole value chain emissions for Scope 1,2, and 3, establishing a baseline and reported a first year's performance. The Science Based Targets initiative has externally validated the following emission reduction targets:

- To reduce absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030 from a 2019 base year.
- To reduce absolute Scope 3 greenhouse gas emissions from purchased goods and services by 50% within the same timeframe.
- The Carey Group further commits that 84% of our suppliers by emissions covering purchased goods and services, will have science-based targets by 2026.

ARAGLIN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

We are progressing with our action plan to reduce our emissions which has seen activities such as:

– installation of telematics across plant and fleet, transition to HVO alternative fuel, engagement with our key supply chain partners over embodied carbon data and industry collaboration through Concrete Zero. Our focus now is on the reduction of our emissions associated with scope 1 on fuel consumption and scope 3 emissions associated with products and services.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

ARAGLIN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Going Concern

The Board of Directors is required to consider the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

At the reporting date the Group had net assets of £157m which included £72m of Real Estate and £73m of cash.

The construction business traded below the Board of Directors' expectations through the financial period up to 30 September 2022. Inflation, as seen throughout the UK economy, continued to place pressure on margins and resulted in lower levels of profitability for the 2022 reporting year. Delays to new projects starting up restricted the planned growth in turnover and whilst poor performance on a few projects had a significant impact on profitability, the remaining projects, which represented over 80% of revenue, generated profits in-line with expectations.

The sale of investment property provided strength to the balance sheet resulting in an improved net cash position at the balance sheet date. In the second half of the year, the overhead was successfully resized for the lower rate of growth.

The current trading environment contains uncertainty from project delays which makes forecasting challenging. The Group has performed sensitivity analysis looking at a number of stressed but plausible downside scenarios which have indicated sufficient liquidity and headroom in terms of the banking facility and respective covenants.

The Board of Directors has reviewed the Group's short-term cash flow forecasts to 30 June 2024 (the going concern period), which have been prepared using certain key assumptions and include a number of stressed but plausible downside scenarios. These scenarios include a consideration of the risks which may arise to the Group's available liquidity and its ongoing compliance with its financial covenants within the Group's debt.

Stress-testing

Management assessed the financial impact of a number of severe but plausible downside scenarios (both individually and in combination) by overlaying them against the business plan.

The Board of Directors also considered the macroeconomic and political risks affecting the UK economy. The Board of Directors noted that the Group's forecasts are underpinned by a significant proportion of revenue that is either secured or considered probable, and that the Group operates primarily in sectors, which are considered likely to remain largely unaffected by macroeconomic factors. In addition, significant cost reduction actions have already been taken to improve the Group's profitability.

The Board of Directors considered the Group's ability to manage its working capital, in order to mitigate the potential impact on the Group's liquidity over the forecast period.

As a result, the Board of Directors is satisfied that the Group has sufficient financial resources to continue to operate for a period of at least 12 months from the signing of the financial statements and therefore it has adopted the going concern basis in preparing the Group's 2022 financial statements.

Post balance sheet events

Araglin Holdings Limited paid dividends to shareholders amounting to £11.5m in April 2023.

Auditors

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

ARAGLIN HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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



Mrs Fiona Mary O'Donnell
Director

Date: 29 June 2023

ARAGLIN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARAGLIN HOLDINGS LIMITED

Opinion

We have audited the financial statements of Araglin Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 of the parent Company's affairs as at 30 September 2022 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

ARAGLIN HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARAGLIN HOLDINGS LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

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

ARAGLIN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARAGLIN HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

A further description of our responsibilities for the 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 Auditors' report.

ARAGLIN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARAGLIN HOLDINGS LIMITED
(CONTINUED)

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Atul Kariya, FCCA (Senior statutory auditor)

for and on behalf of
MHA

Statutory Auditors

London

Date: *30 June 2023*

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

ARAGLIN HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	Continuing operations 2022 £000	Discontinued operations 2022 £000	Total 2022 £000	Continuing operations 2021 £000	Discontinued operations 2021 £000	Total 2021 £000
Turnover	4	366,374	(43)	366,331	344,922	1,929	346,851
Cost of sales		(364,716)	149	(364,567)	(298,279)	(236)	(298,515)
Gross profit		1,658	106	1,764	46,643	1,693	48,336
Administrative expenses		(50,895)	702	(50,193)	(41,874)	(9,674)	(51,548)
Other operating income	6	94,310	-	94,310	3,579	36	3,615
Fair value movements		(2,923)	-	(2,923)	15,660	-	15,660
Operating profit	7	42,150	808	42,958	24,008	(7,945)	16,063
Income from other participating interests		210	-	210	533	-	533
Interest receivable and similar income	11	-	-	-	-	3	3
Interest payable and similar expenses	12	(408)	-	(408)	(433)	-	(433)
Other finance costs		(8)	-	(8)	(109)	-	(109)
Profit before tax		41,944	808	42,752	23,999	(7,942)	16,057
Tax on profit	14	(12,255)	-	(12,255)	(2,632)	-	(2,632)
Profit for the financial year		29,689	808	30,497	21,367	(7,942)	13,425
Profit for the year attributable to:							
Owners of the parent		29,689	808	30,497	21,367	(7,942)	13,425
		29,689	808	30,497	21,367	(7,942)	13,425

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Profit for the financial year		30,497	13,425
Other comprehensive income			
Revaluation of land and buildings	17	(2,151)	5,638
Retranslation of foreign subsidiaries		176	(519)
Actuarial gain on defined benefit schemes	32	6,762	1,992
Total tax on components of other (expense) / income		2,336	(2,709)
Other comprehensive income for the year		7,123	4,402
Total comprehensive income for the year		37,620	17,827
Profit for the year attributable to:			
Owners of the parent Company		30,497	13,425
		30,497	13,425
Total comprehensive income attributable to:			
Owners of the parent Company		37,620	17,827
		37,620	17,827

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED
REGISTERED NUMBER: 12692393

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	16	847	2,150
Tangible assets	17	49,414	48,552
Investments	18	767	807
Investment property	19	23,360	71,960
		74,388	123,469
Current assets			
Stocks	20	9,538	14,143
Debtors: amounts falling due within one year	21	91,669	88,258
Current asset investments	22	57	57
Cash at bank and in hand	23	73,114	7,000
		174,378	109,458
Creditors: amounts falling due within one year	24	(72,666)	(81,177)
Net current assets		101,712	28,281
Total assets less current liabilities		176,100	151,750
Creditors: amounts falling due after more than one year	25	(5,405)	(5,310)
Provisions for liabilities			
Deferred taxation	27	(5,006)	(9,250)
Other provisions	28	(19,133)	(9,000)
		(24,139)	(18,250)
Net assets excluding pension liability/asset		146,556	128,190
Pension asset/(liability)	32	10,439	(4,315)
Net assets		156,995	123,875

ARAGLIN HOLDINGS LIMITED
REGISTERED NUMBER: 12692393

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

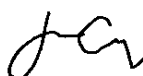
	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	29	250	250
Revaluation reserve	30	11,558	13,710
Other reserves	30	2,954	2,954
Profit and loss account	30	142,233	106,961
Equity attributable to owners of the parent Company		<u>156,995</u>	<u>123,875</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mrs Fiona Mary O'Donnell
Director

Date: 29 June 2023



Mr Jason Anthony Carey
Director

Date: 29 June 2023

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED
REGISTERED NUMBER: 12692393

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	17	-	300
Investments	18	250	250
Investment Property	19	15,660	64,160
		<u>15,910</u>	<u>64,710</u>
Current assets			
Debtors: amounts falling due within one year	21	10,296	1,157
Cash at bank and in hand	23	59,870	980
		<u>70,166</u>	<u>2,137</u>
Creditors: amounts falling due within one year	24	(8,963)	(48,246)
Net current assets/(liabilities)		<u>61,203</u>	<u>(46,109)</u>
Total assets less current liabilities		<u>77,113</u>	<u>18,601</u>
Provisions for liabilities			
Deferred taxation	27	-	(6,599)
		<u>-</u>	<u>(6,599)</u>
Net assets		<u><u>77,113</u></u>	<u><u>12,002</u></u>
Capital and reserves			
Called up share capital	29	250	250
Profit and loss account brought forward		11,752	-
Profit for the year		65,622	11,752
Other changes in the profit and loss account		(511)	-
		<u>76,863</u>	<u>11,752</u>
Profit and loss account carried forward		<u><u>77,113</u></u>	<u><u>12,002</u></u>

ARAGLIN HOLDINGS LIMITED
REGISTERED NUMBER: 12692393

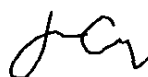
COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mrs Fiona Mary O'Donnell
Director

Date: 29 June 2023



Mr Jason Anthony Carey
Director

Date: 29 June 2023

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 October 2020	250	14,399	2,954	88,446	106,049
Comprehensive income for the year					
Profit for the year	-	-	-	13,425	13,425
Retranslation of foreign subsidiaries	-	-	-	(519)	(519)
Actuarial gains on pension scheme	-	-	-	1,992	1,992
Revaluation of land and buildings	-	5,638	-	-	5,638
Tax on components of other comprehensive income	-	(2,334)	-	(376)	(2,710)
Transfer to/from profit and loss account	-	(3,993)	-	3,993	-
At 1 October 2021	250	13,710	2,954	106,961	123,875
Comprehensive income for the year					
Profit for the year	-	-	-	30,497	30,497
Retranslation of foreign subsidiaries	-	-	-	176	176
Actuarial gains on pension scheme	-	-	-	6,762	6,762
Revaluation of land and buildings	-	(2,151)	-	-	(2,151)
Tax on components of other comprehensive income	-	(1)	-	2,337	2,336
Dividends: Equity capital	-	-	-	(4,500)	(4,500)
At 30 September 2022	250	11,558	2,954	142,233	156,995

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2020	250	-	250
Profit for the year	-	11,752	11,752
At 1 October 2021	250	11,752	12,002
Profit for the year	-	65,622	65,622
Other comprehensive income	-	3,989	3,989
Dividends: Equity capital	-	(4,500)	(4,500)
At 30 September 2022	250	76,863	77,113

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	30,497	13,425
Adjustments for:		
Amortisation of intangible assets	1,616	335
Depreciation of tangible assets	3,458	4,755
Revaluation of investment properties	2,923	(15,660)
Profit / Loss on disposal of tangible assets	(31)	(1,157)
Defined benefit pension scheme charge	-	278
Revaluation of current investments	-	(28)
Net interest expense	408	431
Taxation charge	12,255	2,632
Decrease in stocks	4,605	7,192
Decrease in debtors	5,996	7,594
(Decrease) in creditors	(7,300)	(27,127)
Foreign exchange differences	(80)	18
Increase in provisions	10,133	6,000
Contribution to pension funds	(8,000)	(720)
Research and development expenditure credit	507	558
Income from other participating interests	(210)	(533)
Corporation tax (paid)	(24,064)	(784)
Net cash generated from operating activities	32,713	(2,791)
Cash flows from investing activities		
Purchase of intangible fixed assets	(313)	(534)
Purchase of tangible fixed assets	(7,958)	(3,588)
Sale of tangible fixed assets	1,516	2,480
Purchase of investment properties	(17,823)	-
Sale of investment properties	153,379	-
Dividend received from joint venture	250	-
Interest received	-	3
Profit on disposal of investment properties	(89,879)	-
Net cash from investing activities	39,172	(1,639)

ARAGLIN HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021
	£000	£000
Cash flows from financing activities		
Repayment of loans	(11,160)	(3,122)
New loans	10,500	-
Repayment of finance leases	(2,875)	(3,548)
New finance leases	2,669	-
Dividends paid	(4,500)	-
Interest paid	(273)	(166)
HP interest paid	(132)	(267)
Net cash used in financing activities	(5,771)	(7,103)
Net increase/(decrease) in cash and cash equivalents	66,114	(11,533)
Cash and cash equivalents at beginning of year	7,000	18,533
Cash and cash equivalents at the end of year	73,114	7,000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	73,114	7,000
	73,114	7,000

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	At 1 October 2021 £000	Cash flows £000	At 30 September 2022 £000
Cash at bank and in hand	7,000	66,114	73,114
Debt due after 1 year	(3,405)	407	(2,998)
Debt due within 1 year	(660)	253	(407)
Finance leases	(4,392)	206	(4,186)
Liquid investments	57	-	57
	<u>(1,400)</u>	<u>66,980</u>	<u>65,580</u>

The notes on pages 35 to 69 form part of these financial statements.

ARAGLIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Statutory information

Araglin Holdings Limited is a private company limited by shares incorporated in England and Wales.

The address of the registered office is C/O Farrow Accounting & Tax Limited Unit T13, Tideway Yard, 125 Mortlake High Street, London, United Kingdom, SW14 8SN.

2. Accounting policies

2.1 Statement of compliance

The individual and consolidated financial statements of Araglin Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2.2 Basis of preparing the financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Group and Company's financial statements are presented in pounds sterling, the functional currency, rounded to the nearest thousand.

2.3 Basis of consolidation

The Company consolidates the financial statements of Araglin Holdings Limited and all of its subsidiary undertakings ('subsidiaries') which have been accounted for as a merger under the provisions of Financial Reporting Standard 102. These are adjusted, where appropriate, to conform to Group accounting policies.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group accounts by virtue of Section 408 of the Companies Act 2006.

2.4 Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Please refer to the strategic report for further information.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.5 Revenue**

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts. It also includes the Group's proportion of work carried out under jointly controlled operations. Where revenue that has been recognised is subsequently determined not to be recoverable due to a dispute with the customer, these amounts are accounted for as a reduction in revenue. Where non-recovery is as a result of inability of a customer to meet its obligations, these amounts are charged to administrative expenses as a credit loss. Amounts received from customers but not yet recognised within revenue in the income statement are recognised as deferred income in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.6 Construction contracts

Revenue is recognised on construction services over time as the benefit is transferred to the customer. The Company uses an output method to measure progress, recognising revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The percentage of completion is measured using the internal value to date as a proportion of the total expected contract value to determine the profit to be recognised to date, the profit adjustment is applied to Cost Of Sales.

Revenue is recognised on dry lining services over time as the benefit is transferred to the customer. The Company uses an input method to measure progress, recognising revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The percentage of completion is measured using the costs incurred to date as a proportion of the total expected costs to determine the profit to be recognised to date, the profit adjustment is applied to turnover

The assessment of the outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Consistent contract review procedures are in place in respect of contract forecasting.

The general principles for Revenue and Profit recognition are as follows:

Provision is made for any unavoidable future net losses arising from contract obligations, as soon as they become apparent;

Additional consideration for contract modifications (variations) is only included in revenue (or the forecast contract out-turn) if the scope of the modification has been approved by the customer. If the scope of the modification has been approved but the parties have not yet determined the corresponding change in the contract price, an estimate of the change to the transaction price is made and included in calculating revenue to the extent that any increase in price is highly probable not to reverse;

Variable consideration amounts (gain-share amounts, KPI bonuses, milestone bonuses, compensation event claims, etc.) are included in revenue (or forecasts to completion) only to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur;

Claims against third-parties (such as insurance recoveries and claims for cost reimbursements) outside of normal supplier price adjustments are recognised only when the realisation of income is virtually certain. The associated income is accounted for as reduction in costs rather than revenue;

Contract mobilisation is not considered to be a separate performance obligation in most situations, as the customer receives little or no benefit from mobilisation activities. Any consideration received from the customer in relation to the mobilisation phase of a contract is deferred and recognised as additional revenue relating to the performance obligations in the contract that benefit the customer; and

A provision of 20% of the value of the retention of profitable contracts is made in recognition of the risk around recoverability.

Waste management

Revenue is recognised at the date the waste is delivered to the recycling site.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

House sales

Revenue is recognised at the date of Legal Completion on the house, apartment and ground rent sales.

Design

Revenue for services is recognised at the date the service is provided.

2.7 Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the Group. Key components were government support in the form of the coronavirus job retention scheme (furlough); research and development expenditure credit; rental income and revaluation of investment property.

2.8 Intangible assets and amortisation

The Group recognises an intangible asset as an asset if, and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- (b) the cost or value of the asset can be measured reliably.

Amortisation is charged to administrative expenses in the income statement on a straight-line basis over the expected useful lives of the following basis:

Development costs - 3-10 years

Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets are tested for impairment either annually if they have an indefinite useful life or on the basis of any internal or external indicators of impairment as we amortise all intangible assets over their estimated useful lives.

The Group evaluates whether an intangible asset needs to be written down by checking for any internal or external indicators of impairment. If an impairment is found to exist, the Intangible assets are written down to their recoverable amount. Any difference between the recoverable amount and the carrying amount is charged to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.9 Tangible assets and depreciation

Tangible assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold Property - straight line depreciation over 50 years

Land - none

Fixtures and fittings, plant and machinery - 10 - 25% per annum reducing balance/straight line

Any unrealised surpluses or deficits arising on revaluation are taken directly to the revaluation reserve except that any permanent deficit in excess of the revaluation reserve is charged to the income statement.

In addition to systematic depreciation the book value of the tangible assets will be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carry values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

2.10 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Investment properties

Freehold investment properties are included in the financial statements based on valuations undertaken every year by professional valuers. Unrealised surpluses or deficit arising in the year are charged to the income statement. In accordance with FRS 102, no depreciation is provided on freehold investment properties. The Directors consider this accounting policy is necessary for the financial statements to show a true and fair review.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.12 Investments - joint ventures and joint operations

The Group applies section 15 of FRS102 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is a contractual agreement whereby the Group undertakes an economic activity that is subject to joint control with third parties and these parties have rights to the net assets of the arrangement. The Group's interests in joint ventures is accounted for using the equity method. Under this method the Group's share of profits less losses after taxation of joint ventures is included in the income statement and its interest in their net assets is included in investments in the balance sheet. Where the shares of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Where joint ventures do not adopt accounting periods that are coterminous with the Group, results and net assets are based upon unaudited financial statements drawn up to the Group account reference date.

2.13 Stocks, inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost is calculated as follows:

Raw materials, consumables and goods for resale are valued at purchase cost on a first in, first out basis. Work in progress on development sites are valued at cost of direct materials and labour plus attributable overheads.

Work in progress on development properties includes undeveloped land and land under development. Net realisable value represents the estimated selling prices less all estimated costs of completion.

The Group continues to monitor the performance of its development sites and, where appropriate, obtain independent professional valuations. Any excess of carrying amount over the selling price less cost to sell is charged immediately in the income statement as an impairment loss.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.15 Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using average exchange rates for the year, as this reasonably approximates the exchange rates at the actual dates of the transactions. At each year end, foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, within Administrative Expense.

Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other Comprehensive Income'.

2.16 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.17 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, and defined benefit (closed to new members) and defined contribution pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the year in which service is received.

2.18 Pensions

The Group participates in two defined contribution pension schemes for certain Directors and employees respectively which are funded by the payment of contributions to a separately administered fund. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are charged to the profit and loss account in the year in which they become payable.

The Group also participates in the Carey Group Limited Pension Scheme, a multi-employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. The scheme ceased future pension accrual for active members from 31 March 2006 and became paid up. The assets of the defined benefit pension scheme are held separately from those of the Group in an independently managed fund. The scheme is accounted for by the Group as if it were a defined contribution scheme as outlined in note 32 to the financial statements.

2.19 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future years. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each year.

Rentals payable under operating leases are charged in the statement of other comprehensive income on a straight line basis over the lease term.

2.20 Operating leases

Rentals income under operating leases are recognised in the income statement on a straight line basis over the lease term.

2.21 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities.

2.22 Share capital

Ordinary shares are classified as equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.23 Exceptional items

The Group presents, on the face of the consolidated income statement, those items of income and expense which *because of the nature and/or magnitude of the events giving rise to them, merit separate presentation to allow readers to better understand financial performance in the year.*

2.24 Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

2.25 Related party transactions

There are transactions within the Group, which are eliminated on consolidation. These transactions are reported in the individual Company financial statements and are on terms negotiated between the two entities.

2.26 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

2.27 Interest income

Interest income is recognised in the profit and loss account in the period in which it is received.

2.28 Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS102 in respect of financial instruments.

Basic financial liabilities, including amounts owed to Group undertakings, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2.29 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. The deferred element of the grant is included in creditors as deferred income.

Grants of a revenue nature are recognised in Profit and Loss in the same period as the related expenditure.

2.30 Research and development

Research and development is expensed in the period in which it is incurred.

2. Accounting policies (continued)

2.31 Dividends

Equity dividends are recognised when they become *legally payable*. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported associated assumptions are income and expense. The estimates and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual result may differ from estimates. The estimates and underlying assumptions 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 period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Revenue and profit recognition

The estimation techniques used for revenue and profit recognition in respect of construction contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgments to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

(ii) Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the Group is able to recognise on its developments and construction contracts in a specific period, the Group has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation, as does the assessment of a development's valuation.

However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. Amounts recoverable on construction contracts are disclosed in note 20.

The estimation of final contract value includes assessment of recovery of variations which have yet to be agreed with the client, compensation events and claims, where these meet the criteria set out in the Group's accounting policies.

(iii) Retirement benefit obligation valuations

In determining the valuation of the defined benefit scheme's assets and liabilities, a number of key assumptions have been made. The key assumptions, which have been given below, are largely dependent on factors outside the control of the Group:

- Inflation rate
- Life expectancy
- Discount rate
- Salary and pension growth rates

The Group is exposed to risks through its defined benefit scheme if actual experiences differs from the assumptions used and through volatility the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 32.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgments in applying accounting policies (continued)**(iv) Land and property valuations**

The recoverability of property development work in progress is an area which requires significant judgment due to the ongoing volatility in property valuations due to COVID-19. An assessment of the net realisable value of inventory is carried out at each balance sheet date and is dependent upon the Group's estimate of forecast selling prices and build/development costs (by reference to current prices), which may require significant judgement. Where applicable, third-party valuations are used to support the position as at the balance sheet date. In valuing work in progress at the lower of cost and net realisable value the Group has already recognised any expected downside, and any upside is contingent on the Group's continued development of the projects as it is not in the business of selling partly developed sites.

(v) Provisions

Further information about the Group's provisions is provided in note 28. Significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

4. Turnover

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

	2022	2021
	£000	£000
Contracting	348,828	318,471
Property development	2,002	11,605
Waste recycling	15,501	16,774
	366,331	346,850

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	359,534	335,504
Rest of Europe	6,797	11,347
	366,331	346,851

5. Discontinued operations

Discontinued operations represent the subsidiary company T.E. Scudder Limited.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Other operating income

	2022	2021
	£000	£000
Government support - Coronavirus Job Retention Scheme	-	641
Research and development expenditure credit	-	558
Rental income	501	875
Profit on disposal of tangible assets	287	1,157
Profit on disposal of fixed asset investments	92,702	-
Sundry income	313	384
Fees receivable	507	-
	94,310	3,615

7. Operating profit

The operating profit is stated after charging/(crediting):

	2022	2021
	£000	£000
Depreciation	3,428	4,755
Amortisation	1,616	335
Profit on disposal of fixed assets	(287)	(1,157)
Profit on disposal of fixed asset investments	92,702	-
Exchange differences	(137)	18
Research and development	4,399	3,801

8. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2022	2021
	£000	£000
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	200,000	190,000
Fees payable to the Company's auditors and their associates in respect of:		
All non-audit services not included above	34,000	28,000

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9. Employees

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	59,459	63,713	1,028	340
Social security costs	6,792	7,420	2	4
Cost of defined benefit scheme	-	169	-	-
Cost of defined contribution scheme	2,130	2,211	2	1
	68,381	73,513	1,032	345

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administration	133	139	-	4
Managerial	360	380	12	13
Technical	224	215	-	-
Operations	249	260	-	-
	966	994	12	17

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Directors' remuneration

The directors are the key management personnel and their compensation is detailed below.

	2022	2021
	£000	£000
Directors' emoluments	1,772	2,311
Group contributions to defined contribution pension schemes	264	201
Compensation for loss of office	30	-
	2,066	2,512

During the year retirement benefits were accruing to 3 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £374k (2021 - £506k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £63k (2021 - £NIL).

The directors are the key management personnel of the company and their remuneration is noted above.

11. Interest receivable

	2022	2021
	£000	£000
Other interest receivable	-	3
	-	3

12. Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest payable	276	166
Finance leases and hire purchase contracts	132	267
	408	433

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Other finance costs

	2022	2021
	£000	£000
Interest income on pension scheme assets	507	296
Interest on pension scheme liabilities	(515)	(405)
	(8)	(109)

14. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	14,477	266
Adjustments in respect of previous periods	(106)	(16)
	14,371	250
Total current tax	14,371	250
Deferred tax		
Origination and reversal of timing differences	(2,372)	2,926
Adjustments in respect of prior years	204	(356)
Effect of changes in tax rates	52	(188)
Total deferred tax	(2,116)	2,382
Taxation on profit on ordinary activities	12,255	2,632

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	42,750	16,058
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	8,123	3,051
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,896	1,100
Capital allowances for year in excess of depreciation	(20,248)	-
Adjustments to tax charge in respect of prior periods	(2,479)	(372)
Income not taxable	(172)	(186)
Capital gains	23,607	-
Deferred tax not provided	-	(212)
Difference in tax rates	26	(188)
Losses	(498)	(561)
Total tax charge for the year	12,255	2,632

Factors that may affect future tax charges

The rate of corporation tax increased to 25% on 1 April 2023.

15. Dividends

	2022 £000	2021 £000
Dividends	4,500	-
	4,500	-

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

16. Intangible assets**Group and Company**

	Development expenditure £000	Computer software £000	Total £000
Cost			
At 1 October 2021	2,713	21	2,734
Additions	313	-	313
At 30 September 2022	3,026	21	3,047
Amortisation			
At 1 October 2021	563	21	584
Impairment charge	1,616	-	1,616
At 30 September 2022	2,179	21	2,200
Net book value			
At 30 September 2022	847	-	847
At 30 September 2021	2,150	-	2,150

The Company had no intangible assets at 30 September 2022.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Tangible fixed assets

Group

	Freehold property £000	Land £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 October 2021	20,180	22,562	45,350	88,092
Additions	4,025	-	3,563	7,588
Disposals	(255)	(93)	(3,676)	(4,024)
Revaluations	-	(2,151)	-	(2,151)
At 30 September 2022	<u>23,950</u>	<u>20,318</u>	<u>45,237</u>	<u>89,505</u>
Depreciation				
At 1 October 2021	955	-	38,585	39,540
Charge for the year	240	-	3,188	3,428
Disposals	(19)	-	(2,858)	(2,877)
At 30 September 2022	<u>1,176</u>	<u>-</u>	<u>38,915</u>	<u>40,091</u>
Net book value				
At 30 September 2022	<u>22,774</u>	<u>20,318</u>	<u>6,322</u>	<u>49,414</u>
At 30 September 2021	<u>19,225</u>	<u>22,562</u>	<u>6,765</u>	<u>48,552</u>

The land was revalued at 30 September 2022 by Gibbs Gillespie Surveyors RICS on an open market value for existing use basis.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £000	2021 £000
Plant and machinery	3,882	3,750
	<u>3,882</u>	<u>3,750</u>

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Cost or valuation at 30 September 2022 is as follows:

	Land and buildings £000
At cost	7,263
At valuation: 30 September 2022	37,004
	44,267

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2022 £000	2021 £000
Group		
Cost	7,263	32,993
Net book value	7,263	32,993

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Tangible fixed assets (continued)**Tangible fixed assets****Company**

	Plant and machinery £000
Cost	
At 1 October 2021	369
Disposals	(369)
At 30 September 2022	-
Depreciation	
At 1 October 2021	69
Disposals	(69)
At 30 September 2022	-
Net book value	
At 30 September 2022	-
At 30 September 2021	300

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. Fixed asset investments**Group**

	Investment in joint ventures £000
Cost or valuation	
At 1 October 2021	807
Revaluations	(165)
Share of profit/(loss)	125
At 30 September 2022	<u>767</u>

A dividend of £250,000 was received from the investment in the year (2021: £nil).

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2021	250
At 30 September 2022	<u>250</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Doon West Developments Ltd	C/O Farrow Accounting & Tax Limited, Unit T13, Tideway Yard, 125 Mortlake High Street, London, United Kingdom, SW14 8SN	Ordinary	100%
Carey Group Limited	Carey House, Great Central Way, Wembley, HA9 0HR	Ordinary	100%

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18. Fixed asset investments (continued)**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
P.J. Carey (Contractors) Limited	Ordinary	100%
P.J. Carey Plant Hire (Oval) Limited*	Ordinary	100%
Careys New Homes Limited*	Ordinary	100%
T.E. Scudder Limited*	Ordinary	100%
Seneca Environmental Solutions Limited	Ordinary	100%
ION Environmental Solutions Limited*	Ordinary	100%
Careys Environmental Services Limited, incorporated in Ireland	Ordinary	100%
Careys Estates Doon Limited, incorporated in Ireland	Ordinary and preference	100%
Careys Shared Equity Limited*	Ordinary	100%
P J Carey (Contractors) Ltd, incorporated in Ireland	Ordinary	100%
BDL Group Limited	Ordinary	100%
Careys Design Team Limited*	Ordinary	100%
Careys 35 Baird St Limited*	Ordinary	100%
Careys 1 Hand Axe Yard Limited*	Ordinary	100%
Elfield Park Limited*	Ordinary	100%

* denotes subsidiaries which have taken advantage of the parent company guarantee exemption to produce unaudited accounts in accordance with s479A of the Companies Act 2006.

All companies in the Group are incorporated in England and Wales, unless specified otherwise in the table above.

All subsidiaries hold their registered office at Carey House, Great Central Way, Wembley, HA9 0HR with the exception of the three Irish companies. The Irish registered companies hold their registered office at 29 Earlsfort Terrace Dublin 2, Dublin.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Investment property**Group**

	Freehold investment property £000
Valuation	
At 1 October 2021	71,960
Additions at cost	17,823
Disposals	(63,500)
Surplus on revaluation	(2,923)
At 30 September 2022	23,360

The 2022 valuations were made by Gibbs Gillespie Surveyors Limited, on an open market value for existing use basis.

Company

	Freehold investment property £000
Valuation	
At 1 October 2021	64,160
Additions at cost	17,823
Disposals	(63,500)
Surplus on revaluation	(2,823)
At 30 September 2022	15,660

The 2022 valuations were made by Gibbs Gillespie Surveyors Limited, on an open market value for existing use basis.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Stocks

	Group 2022 £000	Group 2021 £000
Raw materials	2,967	3,725
Land and building not yet under development	6,571	10,418
	9,538	14,143

The difference between purchase price or production cost of stocks and their replacement cost is not material.

21. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	39,176	37,274	14	887
Other debtors	1,996	1,273	225	30
Prepayments and accrued income	3,244	4,025	-	233
Amounts recoverable on long term contracts	32,461	45,403	-	-
Tax recoverable	14,792	283	9,952	7
Deferred taxation	-	-	105	-
	91,669	88,258	10,296	1,157

Deferred taxation is due after more than one year.

22. Current asset investments

	Group 2022 £000	Group 2021 £000
Listed investments	57	57
	57	57

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

23. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	73,114	7,000	59,870	980
	73,114	7,000	59,870	980

24. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans	407	622	-	-
Other loans	-	38	-	-
Trade creditors	22,116	33,027	79	44
Amounts owed to group undertakings	-	-	8,762	46,545
Corporation tax	-	80	-	80
Other taxation and social security	1,953	2,528	-	-
Net obligations under finance lease and hire purchase contracts	1,778	2,487	-	-
Other creditors	7,835	9,540	-	-
Accruals and deferred income	38,577	32,855	122	1,577
	72,666	81,177	8,963	48,246

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loans are secured by way of first legal mortgage over investment properties held by subsidiaries acquired in connection with the loans. The bank loans are also secured by first mortgage debenture over the Group's total net assets and unlimited cross company guarantees. Interest on bank loans was charged at LIBOR plus 3% p.a. and paid quarterly.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000
Bank loans	2,998	3,405
Net obligations under finance leases and hire purchase contracts	2,407	1,905
	5,405	5,310

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loans are secured by way of first legal mortgage over investment properties held by subsidiaries acquired in connection with the loans. The bank loans are also secured by first mortgage debenture over the Group's total net assets and unlimited cross company guarantees. Interest on bank loans was charged at LIBOR plus 3% p.a. and paid quarterly.

26. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £000	Group 2021 £000
Within one year	1,778	2,487
Between 1-5 years	2,407	1,905
	4,185	4,392

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Deferred taxation

Group

	2022	2021
	£000	£000
At beginning of year	(9,249)	(6,763)
Movement during the year (P&L)	6,521	(129)
Movement during the year (OCI)	(2,045)	(2,375)
Adjustment in respect of prior years	(232)	17
At end of year	(5,005)	(9,250)

Company

	2022	2021
	£000	£000
At beginning of year	(6,599)	(2,610)
Movement during the year (P&L)	6,704	-
Arising from the acquisition of investment properties	-	(3,989)
At end of year	105	(6,599)

The provision for deferred taxation is made up as follows:

	Group	Group	Company	Company
	2022	2021	2022	2021
	£000	£000	£000	£000
Fixed assets timing differences	(5,006)	(10,502)	105	(6,599)
Short term timing differences	-	64	-	-
Non-trading timing differences	-	1,079	-	-
Losses	-	109	-	-
	(5,006)	(9,250)	105	(6,599)

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Provisions**Group**

	Other provisions £000	Provision for loss on contracts £000	Total £000
At 1 October 2021	9,000	-	9,000
Charged to profit or loss	(679)	10,812	10,133
At 30 September 2022	8,321	10,812	19,133

The Group was involved in a regulatory matter relating to historical breaches due to the behaviour of a former management team. This liability was satisfied in April 2023.

In making this disclosure the Directors have utilised section 21.17 of FRS 102.

The provision for loss on contracts relate to contracts for which costs are expected to exceed income. As such, the loss element has been recognised immediately. The contracts are due for completion within the next 5 years.

29. Share Capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
250,000 (2021 - 250,000) Ordinary shares of £1 each	250	250

All shares have full voting rights, rights to dividends and distributions on winding up.

**NOTES TO THE FINANCIAL STATEMENTS
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30. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative revaluation gains and losses in respect of land and buildings, except revaluations gains and losses in respect of investment properties recognised in profit or loss, net of deferred tax. The movement in the revaluation reserve in the year of £2,152k reduced the revaluation reserve from £13,710k to £11,558k.

Other reserves

The other reserve represents the discount received on acquisition of subsidiaries historically and any subsequent foreign exchange movements.

Profit and loss account

The profit and loss reserve represents the cumulative profit and loss net of distributions to owners.

31. Contingent liabilities

The Company and certain subsidiary undertakings have, in the normal course of business, provided warranties to third parties. Subsequent to the year end, the Group was joined with a number of other third parties to a warranty claim for £15m on a historic project that the Group acted as a subcontractor on. The Group has taken professional legal advice and the net economic outflow to the Group is not expected to be significant.

Araglin Holdings Limited has provided a letter of support to all companies in the Group.

**NOTES TO THE FINANCIAL STATEMENTS
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32. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £2,314k in the year (2021 - £2,211k). Contributions totalling £356k (2021 - £389k) were payable to the fund at the balance sheet date and are included within creditors.

The Group operates a Defined benefit pension scheme.

Certain Group companies, including P.J. Carey (Contractors) Limited, T.E. Scudder Limited and P.J. Carey Plant Hire (Oval) Limited participate in the Carey Group Plc Pension Scheme ("The Scheme"), a multi employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. The Scheme ceased future pension accrual for active members from 31 March 2006.

The Directors of each Group Company have taken professional actuarial advice and concluded that it is not possible to identify their share of the assets and liabilities within the Scheme on a consistent and reasonable basis. This decision was taken due to the fact that all contributions and assets are invested together, and are not assigned to one employer, and therefore each employer's share of the assets cannot be identified on a consistent basis from year to year.

The contributions paid by the subsidiaries, therefore are accounted as if the Scheme were a defined contribution scheme, as the subsidiaries are unable to identify their share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

Under FRS 102 the valuation of the Scheme showed a surplus at 30 September 2022 of £10,439k (30 September 2021: deficit of £4,315k). The improvement was largely due to £8,000k contributed by the Group to the Scheme during the year and a reduction in the actuarial valuation of liabilities due to the increase in discount rate assumption.

The most recent full triennial actuarial funding valuation of the Scheme was carried out as at 6 April 2022 by a qualified independent actuary, based on the expected rate of return on the plan assets. Based on this assessment, which took into account material improvements to the funding level that occurred after the 6 April 2022 valuation date, it was agreed with the Trustees of the Scheme that no further ongoing deficit contributions were required. As such contributions to the Scheme ceased from March 2023 and the total contributions to the Scheme in the 2023 are £360k (2021 £900k). The funding position and contributions payable will be reassessed at the next triennial valuation due on 6 April 2025.

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32. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2022	2021
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	23,739	23,971
Interest income	515	405
Actuarial gains/losses	(8,661)	(437)
Past service cost	(633)	169
Benefits paid	-	(369)
At the end of the year	14,960	23,739

Reconciliation of present value of plan assets:

	2022	2021
	£000	£000
At the beginning of the year	19,424	17,222
Interest income	507	296
Actual return on plan assets	(1,899)	1,555
Contributions	8,000	720
Benefits paid	(633)	(369)
At the end of the year	25,399	19,424

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32. Pension commitments (continued)

Composition of plan assets:

	2022 £000	2021 £000
Equities	6,604	6,993
Property	1,016	971
Corporate bonds	5,080	4,856
Gilts	508	777
Cash	9,398	2,137
Other	2,794	3,690
Total plan assets	25,400	19,424

	2022 £000	2021 £000
Fair value of plan assets	25,399	19,424
Present value of plan liabilities	(14,960)	(23,739)
Net pension scheme liability	10,439	(4,315)

The amounts recognised in profit or loss are as follows:

	2022 £000	2021 £000
Interest on obligation	(515)	(405)
Interest income on plan assets	507	296
Past service cost	-	(169)
Total	(8)	(278)
Actual return on scheme assets	(1,392)	1,851
	(1,392)	1,851

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £6,762k (2021 - £1,992k).

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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32. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	5.2	2.2
Expected return on scheme assets	2.9	3.0
Inflation assumption	3.5	3.6
Mortality rates		
- for a male aged 65 now	21.1 years	21.0 years
- at 65 for a male aged 45 now	22.3 years	22.3 years
- for a female aged 65 now	23.4 years	23.4 years
- at 65 for a female member aged 45 now	24.8 years	24.8 years

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Defined benefit obligation	(14,960)	(23,739)	(23,971)	(21,219)	(19,617)
Scheme assets	25,399	19,424	17,222	15,778	15,430
Surplus	10,439	(4,315)	(6,749)	(5,441)	(4,187)
Experience adjustments on scheme liabilities	(823)	449	(14)	6	(88)
Experience adjustments on scheme assets	(1,899)	1,555	323	(394)	(163)
	(2,722)	2,004	309	(388)	(251)

33. Transactions with directors

During the year the Group advanced loans at nil interest rate to two Directors amounting to £167k (2021 - £nil) in order for them to fund costs incurred on their behalf. This amount was outstanding at the reporting date.

ARAGLIN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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34. Related party transactions

During the year, the Group advanced loans at nil interest rate to two shareholders amounting to £633k (2021 - £830k) in order for them to fund costs incurred on their behalf.. The amount outstanding at the reporting date was £839k (2021- £1,225k) and is reported on the balance sheet within accrued income.

35. Controlling party

The Company is owned by B Carey (The Estate Of), P Carey, and T Carey. There is no ultimate controlling party.