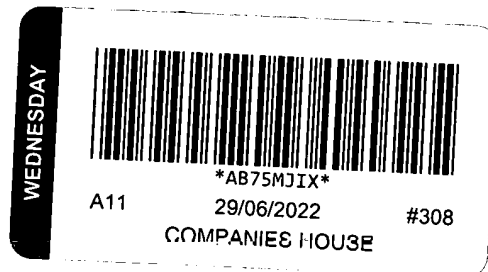


Fred Champion Groundworks Limited

**Annual Report and Financial Statements
Year Ended 30 September 2021**

Registration number: 03200045



Fred Champion Groundworks Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9 to 12
Profit and Loss Account	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 31

Fred Champion Groundworks Limited

Company Information

Directors F C Champion
J S Cleaton-Roberts
D S Philp
J J Cheffings
J Yeomans
P Baker

Company secretary J S Cleaton-Roberts

Registered office Unit 2A
Doublebois Industrial Estate
Doublebois
Liskeard
Cornwall
PL14 6LE

Auditors PKF Francis Clark
Statutory Auditor
North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Fred Champion Groundworks Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activity

The principal activity of the company in the year under review was that of groundwork contractors.

Fair review of the business

The company's turnover increased back towards normal pre COVID-19 levels of £63,040,525 compared to 2020 where turnover was £47,057,767. This was a result of by there being no site closures in 2021 allowing for a smoother trading year. Assisting the increase in turnover was the sale of multiple properties for £1,419,000

The gross profit margin increased this year from -2.05% to 5.95% as a result of as a result of (1) COVID-19 impact reducing and sites being able to return to being more efficient (2) the specific life cycle of projects being completed in the year i.e. newer sites achieving a higher profit margin. Due to this increase in gross profit the company has made a profit before tax of £622,344 compared to the previous years loss of £2,412,292. The company accessed government support in the form of the Coronavirus job retention scheme funding of £22,978 (2020: £2,013,287) to support the business during periods of reduced activity.

The balance sheet position has increased at the year end with net assets of £20,908,036 (2020: £20,069,545). Current assets exceed current liabilities by £12,117,414, (2020: £12,071,594) which shows that there are no liquidity issues in the company. The Directors remain satisfied with the strength of the balance sheet, in particular the cash position, as at the end of the year.

Management consider turnover and profit after tax to be the key financial performance indicators. With regards to non-financial KPIs the company has maintained its customer base and decreased the number of groundworkers employed compared to the prior financial year. The company is well placed for continued growth in the future.

Principal risks and uncertainties

Principal business risks facing the company are the loss of key management and staff and downturns in the general economic climate. For the impact of the coronavirus see the Directors' Report.

The experience of the board of directors ensures the company is able to navigate through good and bad economic times.

Section 172(1) statement

All long term decisions still remain difficult to make in terms of a path forward. We have been able to secure tenders on a much reduced fixed price period to help with the inflationary effect we are experiencing. We have secured new sites with inflationary compensation plus a surcharge arrange for fuel inflation. We have invested heavily to make sure we have the newest and most efficient fleet of machinery and vans possible.

Our highest key objective remains the preservation of our workforce both site and office based. The Health Safety and Wellbeing of our workforce is paramount and we have appointed a new Directorship role to help reinforce this within the business. We are continuing to invest in new training methods and now have an on line training platform developed since the onset of COVID 19.

Our supply chain remains robust and we continue to nurture and maintain strong relations. We are even more focused on material management and look to rationalise the use of materials as much as possible. We continue to invest in material recycling machinery such as screeners and crushers to reduce costs wherever possible. Material shortages are becoming less of a problem but we remain focused on planning ahead to alleviate any impact extended lead times may present us.

Fred Champion Groundworks Limited

Strategic Report for the Year Ended 30 September 2021

We continue to focus on our impact to the environment and this is even more pertinent with the increase in cost for energy supply across all groups. All of our office bases now have solar array systems supplying almost all of the energy we consume daily. All of our construction plant has been kept upto date with consistent investment in GPS for the machinery meaning less movements and more economical production. All vehicles and vans have been updated and we are actively looking to introduce electric vehicles into the fleet as soon as possible.

Our business has a strong reputation in the market and we will look to protect this and build on this in tandem with our workforce who are key in achieving this objective.

Acting in a fair and reasonable way is also key when we need to protect our workforce and act fairly between all members of the company. We must aspire to be the 'go to' groundwork business in the South West and our staff are key to us achieving and maintaining this.

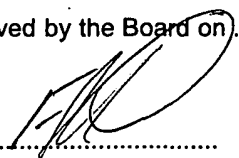
Engagement with employees

Engagement with employees discussed in S172 statement.

Engagement with suppliers, customers and other relationships

Engagement with suppliers, customer and others discussed in S172 statement.

Approved by the Board on 24/06/22 and signed on its behalf by:


.....
F C Champion
Director

Fred Champion Groundworks Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors of the company

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

F C Champion

M V Caers (resigned 30 April 2021)

J S Cleaton-Roberts

S D Champion (resigned 21 December 2021)

D S Philp

J J Cheffings

The following directors were appointed after the year end:

J Yeomans (appointed 1 April 2022)

P Baker (appointed 8 April 2022)

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The company considers the major financial risks of the business to be linked to liquidity, cash flow and cyclical changes in the economy. The company mitigates these risks by carefully managing cash, stock and debt levels. The experience of management enables the company to respond to changes in the economy and to adapt the company's strategies accordingly.

Employment of disabled persons

All applications received by disabled persons for employment by the company are fairly considered with due regard to their expertise and experience in relation to the requirements of the advertised vacancy. The company is committed to employing disabled persons and should a current employee become disabled, where possible and if required, the company will retrain the employee in a suitable alternative job role.

Employee involvement

Within the Champion Group we now have a team of over 300 people, the vast majority being involved with the company for a long period of time, some from when the group started in 1983. This level of loyalty is reflected in our commitment to our clients. Within the Champion Group we constantly provide team development through internal and external training programmes. Our main priority is to ensure all staff fulfil their full potential.

Fred Champion Groundworks Limited

Directors' Report for the Year Ended 30 September 2021

Environmental matters

Large Companies are mandated to disclose energy and carbon information in the Directors' Report for financial reporting years starting on or after 1 April 2019. The information included is disclosed as set out under the Streamlined Energy and Carbon Reporting Framework, detailed within the 2018 Regulation amendments of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	Units	Financial reporting year - 1st October 2020 - 30th September 2021	Comparison reporting year (1st October 2019- 30th September 2020)
Emissions from combustion of gas (Scope 1)	tCO2e	3.6	2
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	6,095	5,184
Emissions from purchased electricity (Scope 2)	tCO2e	21	19
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO2e	2	2
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO2e	40	20
Total Gross emissions	tCO2e	6,161	5,226
Energy consumption used to calculate above emissions	kWh	24,407,034	20,433,751
Intensity Measurement	£ Annual Turnover	£64,285,792	£47,057,767
Intensity Ratio	tCO2e/£100,000 Annual Turnover	9.58	11.11

Fred Champion Groundworks Limited

Directors' Report for the Year Ended 30 September 2021

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol Corporate Standard. We have used the 2020 UK Government's Conversion Factors for Company Reporting and used an operational approach to define our boundary and scopes.

The primary source for energy consumption is supplier invoices. Where invoices are not in line with the financial year, a pro rata calculation has been used to estimate the usage that falls within the reporting period. Transport usage and emissions are calculated from claimed mileage and fuel card records. All Site Gas Oil Usage has been included as it was deemed that the majority of this is used by on site transport. On site transport fuel emissions have been calculated from purchasing records.

The turnover metric reported is based on management account figures and therefore differs to the final figure reported in the financial statements.

Energy Efficiency Commentary

Champion Groundworks Ltd have continued to focus on energy efficiency and improvements in all our activities and operations of our sites and transport fleet. During the year, we have planned and installed PV on three office buildings, which started generating in November 2021.

We have rolled out an awareness campaign to focus on operational efficiency of plant and equipment and energy conservation, with a particular emphasis on reducing fuel usage. We continue to be committed to responsible energy consumption and best practice throughout our operations.

Going concern

As at the current time the company remains in a strong financial position, with a strong cash balance and improving trading reserves. The directors continue to monitor both the ongoing impact of COVID-19 and the increasing inflationary cost pressure currently being experienced in the UK.

Post year end the business retains a strong cash balance (over £5.0m as at April 2022). The business continues to have access to its pre-existing bank facilities and the directors take further comfort from their long standing relationships with key customers and the underlying strength and robustness of the business that has weathered other financial downturns and competitive pressures before.

Due to the business' strong net asset position it retains the flexibility to obtain additional financing from multiple sources or further delay repayment of certain liabilities in the event that the impact of the coronavirus or any other economic factors is more prolonged or the financial impact more severe than originally forecast.

In the medium term the directors believe that the demand for the groundworking services the business provides will remain strong due to the continued housing developments in the south west.

On the basis of the forecasts completed and analysis, the directors remain confident that the company will continue to be a going concern for a period of at least 12 months from the date of approving these financial statements. The accounts have accordingly been prepared on a going concern basis.

Disclosure of information to the auditors

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

Fred Champion Groundworks Limited

Directors' Report for the Year Ended 30 September 2021

Approved by the Board on 24/06/22 and signed on its behalf by:


.....
F C Champion
Director

Fred Champion Groundworks Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Fred Champion Groundworks Limited

Independent Auditor's Report to the Members of Fred Champion Groundworks Limited

Opinion

We have audited the financial statements of Fred Champion Groundworks Limited (the 'company') for the year ended 30 September 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Fred Champion Groundworks Limited

Independent Auditor's Report to the Members of Fred Champion Groundworks Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Fred Champion Groundworks Limited

Independent Auditor's Report to the Members of Fred Champion Groundworks Limited

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the sector in which it operates to identify the key laws and regulations affecting the entity. The key laws and regulations we identified were employment and health and safety legislation.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, including, but not limited to the reporting framework (FRS 102), the Companies Act and the relevant tax compliance regulations in the UK.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Reviewed legal and professional costs to identify legal costs in respect of non compliance;
- Enquiries with management whether there have been any known instances, allegations or suspicions of fraud or non compliance with laws and regulations;
- Review of board minutes or correspondence with regulators where available.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting. Our procedures involved the following:

- Review of nominal journal entries for reasonableness;
- Review of significant accounting estimates for bias;
- Review of significant projects to identify any loss making contracts.

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. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Fred Champion Groundworks Limited

Independent Auditor's Report to the Members of Fred Champion Groundworks Limited

Use of our report

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



Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: 27/06/2022

Fred Champion Groundworks Limited

Profit and Loss Account

Year Ended 30 September 2021

	Note	2021 £	2020 £
Turnover	3	63,040,525	47,057,767
Cost of sales		<u>(59,287,926)</u>	<u>(48,020,908)</u>
Gross profit/(loss)		3,752,599	(963,141)
Administrative expenses		(3,530,667)	(3,306,520)
Other operating income	4	<u>139,241</u>	<u>2,057,508</u>
Operating profit/(loss)	6	<u>361,173</u>	<u>(2,212,153)</u>
Other interest receivable and similar income	10	13,644	15,655
Interest payable and similar charges	11	-	(11,849)
Other (losses) / gains	5	<u>247,527</u>	<u>(203,945)</u>
		<u>261,171</u>	<u>(200,139)</u>
Profit/(loss) before tax		622,344	(2,412,292)
Taxation	12	<u>216,147</u>	<u>351,809</u>
Profit/(loss) for the financial year		<u><u>838,491</u></u>	<u><u>(2,060,483)</u></u>

The above results were derived from continuing operations.

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

Fred Champion Groundworks Limited

Balance Sheet

30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	6,143,342	6,328,308
Investment property	14	<u>3,261,235</u>	<u>1,976,501</u>
		<u>9,404,577</u>	<u>8,304,809</u>
Current assets			
Stocks	15	1,052,295	2,089,005
Debtors	16	13,884,662	13,163,338
Cash at bank and in hand		<u>8,697,287</u>	<u>7,233,707</u>
		23,634,244	22,486,050
Creditors: Amounts falling due within one year	17	<u>(11,516,830)</u>	<u>(10,414,456)</u>
Net current assets		<u>12,117,414</u>	<u>12,071,594</u>
Total assets less current liabilities		21,521,991	20,376,403
Provisions for liabilities	20	<u>(613,955)</u>	<u>(306,858)</u>
Net assets		<u>20,908,036</u>	<u>20,069,545</u>
Capital and reserves			
Called up share capital		1,000	1,000
Fair value reserve		112,158	-
Profit and loss account		<u>20,794,878</u>	<u>20,068,545</u>
Shareholders' funds		<u>20,908,036</u>	<u>20,069,545</u>

Approved and authorised by the Board on 24/06/22 and signed on its behalf by:

.....
F C Champion
Director

Company Registration Number: 03200045

Fred Champion Groundworks Limited

Statement of Changes in Equity

Year Ended 30 September 2021

	Share capital £	Fair value reserve £	Profit and loss account £	Total £
At 1 October 2020	1,000	-	20,068,545	20,069,545
Profit for the year	-	-	838,491	838,491
Total comprehensive income	-	-	838,491	838,491
Transfers	-	112,158	(112,158)	-
At 30 September 2021	1,000	112,158	20,794,878	20,908,036

	Share capital £	Profit and loss account £	Total £
At 1 October 2019	1,000	23,227,398	23,228,398
Loss for the year	-	(2,060,483)	(2,060,483)
Total comprehensive income	-	(2,060,483)	(2,060,483)
Dividends	-	(1,098,370)	(1,098,370)
At 30 September 2020	1,000	20,068,545	20,069,545

The notes on pages 16 to 31 form an integral part of these financial statements.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Unit 2A
Doublebois Industrial Estate
Doublebois
Liskeard
Cornwall
PL14 6LE
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Summary of disclosure exemptions

FRS 102 grants a qualifying entity exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements as the company is deemed to be a qualifying entity.

The company has been taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a Statement of Cash Flows on the basis that it is a qualifying entity and its ultimate parent company, Champion Groundworks Ltd, included the company's cash flows in its own consolidated financial statements. The company is also taking exemption from disclosure of key management personnel compensation and exemption from disclosure of related party transactions entered into between the company and other wholly owned members of the Champion Groundworks Ltd group.

Name of parent of group

These financial statements are consolidated in the financial statements of Champion Groundworks Ltd.

The financial statements of Champion Groundworks Ltd may be obtained from Companies House.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Going concern

As at the current time the company remains in a strong financial position, with a strong cash balance and improving trading reserves. The directors continue to monitor both the ongoing impact of COVID-19 and the increasing inflationary cost pressure currently being experienced in the UK.

Post year end the business retains a strong cash balance (over £5.0m as at April 2022). The business continues to have access to its pre-existing bank facilities and the directors take further comfort from their long standing relationships with key customers and the underlying strength and robustness of the business that has weathered other financial downturns and competitive pressures before.

Due to the business' strong net asset position it retains the flexibility to obtain additional financing from multiple sources or further delay repayment of certain liabilities in the event that the impact of the coronavirus or any other economic factors is more prolonged or the financial impact more severe than originally forecast.

In the medium term the directors believe that the demand for the groundworking services the business provides will remain strong due to the continued housing developments in the south west.

On the basis of the forecasts completed and analysis, the directors remain confident that the company will continue to be a going concern for a period of at least 12 months from the date of approving these financial statements. The accounts have accordingly been prepared on a going concern basis.

Key sources of estimation uncertainty

In the application of the Company's accounting policies management are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historically known factors and experience and include the following:

Depreciation

Depreciation is provided on tangible and intangible fixed assets respectively so as to write off the cost of an asset over its expected useful economic life. Detail of the useful economic lives assigned to assets can be seen in the related accounting policies. Management continuously review the accuracy of the estimates applied, particularly when assets are disposed/written off, and are comfortable that the rates applied are materially accurate.

Revenue recognition and deferred income

Contract revenue for provision of groundwork services is determined by the value of work completed. The value of work is determined by the assessment of the company surveyors at each month end with reference to the revenue agreed in the contract for each phase and each plot. The company defers an element of income to offset excess costs that can arise at the tail end of contracts. This is calculated through management's judgement based on the historical late costs arising on comparable contracts. In rare circumstances when it is probable that a contract will generate a loss overall, the loss is recognised as an expense immediately.

Revenue recognition

Turnover comprises fair value of consideration received or receivable for contracted groundwork services, sales of purchased plant and equipment and sales of developed properties. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company. Turnover from groundwork contracts is recognised based on stage of completion with reference to the agreed contract. Sales of purchased plant are recognised when possession is taken by the customer. Sales of developed properties are recognised on exchange of contract.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Freehold property	2% on cost
Motor vehicles	25% on reducing balance
Other property, plant and equipment	15-25% on reducing balance

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually either by management or by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss. Properties held for capital appreciation or rental yield are classified in investment properties.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of development properties comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Properties developed for onward sale are classified in stock.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

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

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £	2020 £
Rendering of services	61,019,709	46,791,210
Sale of developed properties and machinery	2,019,430	266,058
Other revenue	1,386	499
	<u>63,040,525</u>	<u>47,057,767</u>

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
UK	<u>63,040,525</u>	<u>47,057,767</u>

The amount of contract revenue recognised as revenue in the year was £61,019,709 (2020 - £46,791,210).

Contract revenue for provision of groundwork services is determined by the value of work completed. The value of work is determined by the assessment of the company surveyors at each month end with reference to the revenue agreed in the contract for each phase and each plot.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Rental income	116,263	44,221
UK Government Coronavirus grant schemes	22,978	2,013,287
	<u>139,241</u>	<u>2,057,508</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2021 £	2020 £
Gain (loss) on investment properties	178,706	(29,159)
Gain (loss) on sale of investment properties	-	(177,255)
Gain (loss) from transfer of stock to investment property	68,821	-
Gain (loss) from disposals of investments	-	2,469
	<u>247,527</u>	<u>(203,945)</u>

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	984,797	1,021,005
Operating lease expense - other	30,026	32,107
Loss/(profit) on disposal of property, plant and equipment	<u>111,418</u>	<u>(19,260)</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

7 Staff costs

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

	2021 £	2020 £
Wages and salaries	12,953,023	14,097,609
Social security costs	1,420,874	1,448,292
Pension costs, defined contribution scheme	395,731	452,290
	<u>14,769,628</u>	<u>15,998,191</u>

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

	2021 No.	2020 No.
Production	323	354
Administration and support	15	15
	<u>338</u>	<u>369</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	640,470	854,681
Contributions paid to money purchase schemes	45,416	77,287
	<u>685,886</u>	<u>931,968</u>

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

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	4	5

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	187,680	196,744
Company contributions to money purchase pension schemes	-	19,400

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

9 Auditor's remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>11,380</u>	<u>11,050</u>
Other fees to auditors		
Taxation compliance services	4,665	6,070
All other non-audit services	<u>3,000</u>	<u>6,336</u>
	<u>7,665</u>	<u>12,406</u>

10 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	443	10,465
Loan interest income	<u>13,201</u>	<u>5,190</u>
	<u>13,644</u>	<u>15,655</u>

11 Interest payable and similar expenses

	2021	2020
	£	£
Interest expense on other finance liabilities	<u>-</u>	<u>11,849</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	-	(337,293)
UK corporation tax adjustment to prior periods	(523,244)	-
	<u>(523,244)</u>	<u>(337,293)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	307,097	(14,516)
Tax receipt in the income statement	<u>(216,147)</u>	<u>(351,809)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>622,344</u>	<u>(2,412,292)</u>
Corporation tax at standard rate	118,245	(458,335)
Effect of expense not deductible in determining taxable profit (tax loss)	3,633	52,944
Deferred tax expense relating to changes in tax rates or laws	125,338	26,080
Decrease from effect of tax incentives	(47,400)	-
Tax increase arising from group relief	106,784	28,320
Tax decrease from effect of adjustment in research and development tax credit	(523,244)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>497</u>	<u>(818)</u>
Total tax credit	<u>(216,147)</u>	<u>(351,809)</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated capital allowances	486,875
Provisions	(10,004)
Fair valuation of investment property	<u>37,386</u>
	<u>514,257</u>
2020	
Accelerated capital allowances	215,140
Provisions	(7,981)
Fair valuation of investment property	<u>-</u>
	<u>207,159</u>

13 Tangible assets

	Freehold Property £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 October 2020	2,089,575	3,040,764	6,156,281	11,286,620
Additions	-	364,860	1,014,822	1,379,682
Disposals	<u>(6,217)</u>	<u>(155,555)</u>	<u>(1,026,547)</u>	<u>(1,188,319)</u>
At 30 September 2021	<u>2,083,358</u>	<u>3,250,069</u>	<u>6,144,556</u>	<u>11,477,983</u>
Depreciation				
At 1 October 2020	144,613	1,778,965	3,034,734	4,958,312
Charge for the year	35,643	394,838	554,316	984,797
Eliminated on disposal	<u>-</u>	<u>(108,249)</u>	<u>(500,219)</u>	<u>(608,468)</u>
At 30 September 2021	<u>180,256</u>	<u>2,065,554</u>	<u>3,088,831</u>	<u>5,334,641</u>
Carrying amount				
At 30 September 2021	<u>1,903,102</u>	<u>1,184,515</u>	<u>3,055,725</u>	<u>6,143,342</u>
At 30 September 2020	<u>1,944,962</u>	<u>1,261,799</u>	<u>3,121,547</u>	<u>6,328,308</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

14 Investment properties

	2021 £
At 1 October	1,976,501
Additions	156,028
Transfers from stock	950,000
Fair value adjustments	<u>178,706</u>
At 30 September	<u><u>3,261,235</u></u>

Fair value has been estimated with reference to an independent valuation (FRICS FAVV) completed in February 2016 or for assets purchased after this date purchase price. The directors valued the investment property as at 30/09/21 and concluded that fair value was not materially different to current carrying value, following a fair value adjustment of £178,706.

15 Stocks

	2021 £	2020 £
Raw materials	643,953	616,317
Development properties	<u>408,342</u>	<u>1,472,688</u>
	<u><u>1,052,295</u></u>	<u><u>2,089,005</u></u>

Impairment of stocks

The amount of impairment loss included in profit or loss is £Nil (2020 - £158,224).

16 Debtors

	Note	2021 £	2020 £
Trade debtors		9,406,397	7,547,710
Amounts owed by related parties	27	21,464	522
Other debtors		3,791,167	3,031,595
Prepayments		411,876	295,845
Accrued income		74,598	1,679,116
Income tax asset	12	<u>179,160</u>	<u>608,550</u>
		13,884,662	13,163,338
Less non-current portion		<u>(768,789)</u>	<u>(714,019)</u>
		<u><u>13,115,873</u></u>	<u><u>12,449,319</u></u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Details of trade and other debtors

£768,789 (2020 -£714,019) of retentions is classified as non current. This comprises retentions on groundwork contracts due more than one year from the balance sheet date.

17 Creditors

	Note	2021 £	2020 £
Due within one year			
Trade creditors		7,765,683	6,407,281
Amounts due to group undertakings	27	1,115,639	2,376,922
Social security and other taxes		533,372	457,914
Outstanding defined contribution pension costs		90,465	97,247
Other creditors		199,344	212,360
Corporation tax	12	-	7,881
Accruals		719,879	854,851
Deferred income		1,092,448	-
		<u>11,516,830</u>	<u>10,414,456</u>

18 Loans and borrowings

The bank holds an unlimited debenture dated 26th July 2002, incorporating a fixed and floating charge over all the assets of the company, and a letter of set-off dated 5th May 2008.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	21,316	24,232
Later than one year and not later than five years	-	21,316
	<u>21,316</u>	<u>45,548</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £30,026 (2020 - £32,107).

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

20 Provisions for liabilities

	Deferred tax £	Other provisions £	Total £
At 1 October 2020	207,159	99,699	306,858
Increase (decrease) in existing provisions	<u>307,097</u>	<u>-</u>	<u>307,097</u>
At 30 September 2021	<u>514,256</u>	<u>99,699</u>	<u>613,955</u>

The other provision is in regard to a project that has been historically loss making and is expected to continue at the same negative margin for the remainder of the contract.

21 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

22 Dividends

	2021 £	2020 £
Interim dividend of £Nil (2020 - £1,098) per ordinary share	<u>-</u>	<u>1,098,370</u>

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £44,550 (2020 - £Nil).

24 Parent and ultimate parent undertaking

The company's immediate parent is Champion Groundworks Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Champion Groundworks Limited. These financial statements are available upon request from Companies House.

The ultimate controlling party is the Directors by virtue of their controlling shareholding in Champion Groundworks Limited.

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £395,731 (2020 - £452,290).

Contributions totalling £90,465 (2020 - £97,247) were payable to the scheme at the end of the year and are included in creditors.

26 Financial instruments

Categorisation of financial instruments

	2021 £	2020 £
Financial assets measured at fair value through profit or loss	3,261,235	1,976,501

27 Related party transactions

Transactions with directors

	At 1 October 2020 £	Advances to directors £	Repaid by director £	At 30 September 2021 £
2021				
Director 1				
Director 1 loan account	<u>1,000</u>	<u>(70,364)</u>	<u>40,000</u>	<u>(29,364)</u>
Director 2				
Director 2 loan account	<u>1,200</u>	<u>(7,515)</u>	<u>2,400</u>	<u>(3,915)</u>
	At 1 October 2019 £	Advances to directors £	Repaid by director £	At 30 September 2020 £
2020				
Director 1				
Director 1 loan account	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Director 2				
Director 2 loan account	<u>7,613</u>	<u>(9,613)</u>	<u>3,200</u>	<u>1,200</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Summary of transactions with joint ventures

Entities which are joint ventures of the Champion Groundworks Limited group.

Trade sales, trade purchases and loan account provided to related parties. Loans are interest free and repayable on demand.

Summary of transactions with other related parties

Companies related by common control.

Trade sales, trade purchases and loan account provided to related parties. Loans are interest free and repayable on demand.

Income and receivables from related parties

	Joint ventures £	Other related parties £	
2021			
Rendering of services	3,536,019	268,197	
Amounts receivable from related party	<u>768,743</u>	<u>30,586</u>	
	Joint ventures £	Key management £	Other related parties £
2020			
Rendering of services	733,097	-	44,667
Rental income	-	24,000	-
	<u>733,097</u>	<u>24,000</u>	<u>44,667</u>
Amounts receivable from related party	<u>137,777</u>	-	5,977

Expenditure with and payables to related parties

	Joint ventures £	Other related parties £
2021		
Receipt of services	51,413	1,282,198
Amounts payable to related party	<u>6,054</u>	<u>241,795</u>
	Joint ventures £	Other related parties £
2020		
Receipt of services	547,303	1,168,065
Amounts payable to related party	<u>8,576</u>	<u>258,679</u>

Fred Champion Groundworks Limited

Notes to the Financial Statements

Year Ended 30 September 2021

Loans to related parties

	Joint ventures £	Other related parties £	Total £
2021			
At start of period	523	925,962	926,485
Advanced	-	672,252	672,252
Repaid	-	(57,481)	(57,481)
At end of period	<u>523</u>	<u>1,540,733</u>	<u>1,541,256</u>
	Joint ventures £	Other related parties £	Total £
2020			
At start of period	252,954	379,706	632,660
Advanced	-	576,376	576,376
Repaid	(252,431)	(30,120)	(282,551)
At end of period	<u>523</u>	<u>925,962</u>	<u>926,485</u>