

# **Fred Champion Groundworks Limited**

**Annual Report and Financial Statements  
Year Ended 30 September 2022**

**Registration number: 03200045**



# **Fred Champion Groundworks Limited**

## **Contents**

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

# **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  
Melville Building East  
Unit 18, 23 Royal William Yard  
Plymouth  
Devon  
PL1 3GW

# **Fred Champion Groundworks Limited**

## **Strategic Report for the Year Ended 30 September 2022**

The directors present their strategic report for the year ended 30 September 2022.

### **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, in relation to groundworks, increased this year to £72,878,179 compared to £61,019,709 in 2021. This was achieved by securing a number of new larger sites which commenced in 2022.

The gross profit margin increased this year from 6.0% to 8.96% as a result of the specific life cycle of projects being completed in the year i.e. newer sites achieving a higher profit margin. The margin has increased moving towards the level achieved before the COVID-19 pandemic. Due to this increase in gross profit the company has made a profit before tax of £2,944,812 compared to £622,344 in 2021.

The balance sheet position has increased at the year end with net assets of £21,391,686 (2021: £20,908,036). Current assets exceed current liabilities by £11,962,592 (2021: £12,117,414), 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 broadly maintained 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.

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. New employees also complete their Health & Safety inductions online rather than at our Head Office, therefore reducing travel costs.

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. A Procurement Manager has been appointed to scrutinise our materials costs and streamline our ordering processes. 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 2022**

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 the group. 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 up to 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.

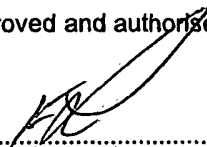
#### **Engagement with employees**

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 and authorized by the Board on 28/06/23 and signed on its behalf by:

  
.....  
F C Champion  
Director

# **Fred Champion Groundworks 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 of the company**

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

F C Champion

J S Cleaton-Roberts

S D Champion (resigned 21 December 2021)

D S Philp

J J Cheffings

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 2022

#### 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 2021 - 30th September 2022	Comparison reporting year (1st October 2020- 30th September 2021)
Emissions from combustion of gas (Scope 1)	tCO <sub>2</sub> e	2.7	3.6
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO <sub>2</sub> e	6,259	6,095
Emissions from purchased electricity (Scope 2)	tCO <sub>2</sub> e	13	21
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)	tCO <sub>2</sub> e	1	2
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO <sub>2</sub> e	22	40
Total Gross emissions	tCO <sub>2</sub> e	6,298	6,161
Energy consumption used to calculate above emissions	kWh	25,002,337	24,407,034
Intensity Measurement	£ Annual Turnover	£73,312,731	£64,285,792
Intensity Ratio	tCO <sub>2</sub> e/£100,000 Annual Turnover	8.59	9.58

# **Fred Champion Groundworks Limited**

## **Directors' Report for the Year Ended 30 September 2022**

### **Quantification and reporting methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. We have used the 2022 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 bulk fuel usage has been included as it was deemed that the majority of this is used by on site transport, these emissions have been calculated from purchasing records.

### **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.

Two further PV installations were installed and are now generating, during the financial year the PV installations generated a total of 39 MWh of electricity.

We have continued the focus on the awareness campaign, with emphasis on operational efficiency of plant and equipment and energy conservation, with a particular emphasis on reducing fuel usage and turning engines off rather than leaving them idling.

We continue to be committed to responsible energy consumption and best practice throughout our operations.

### **Going concern**

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

At the balance sheet date the group maintains a strong cash balance. 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 economic environment is more challenging 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**

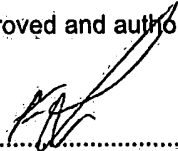
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of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



## **Fred Champion Groundworks Limited**

### **Directors' Report for the Year Ended 30 September 2022**

Approved and authorised by the Board on 28/06/23 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 United Kingdom 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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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 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.

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](http://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

Melville Building East  
Unit 18, 23 Royal William Yard  
Plymouth  
Devon  
PL1 3GW

Date: 28/06/2023 .....

# **Fred Champion Groundworks Limited**

## **Profit and Loss Account**

**Year Ended 30 September 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Turnover	3	74,060,547	63,040,525
Cost of sales		<u>(67,441,409)</u>	<u>(59,287,926)</u>
Gross profit		6,619,138	3,752,599
Administrative expenses		(3,831,983)	(3,530,667)
Other operating income	4	<u>141,240</u>	<u>139,241</u>
Operating profit	6	<u>2,928,395</u>	<u>361,173</u>
Other interest receivable and similar income	10	16,417	13,644
Other gains/losses	5	<u>-</u>	<u>247,527</u>
		<u>16,417</u>	<u>261,171</u>
Profit before tax		2,944,812	622,344
Taxation	11	<u>(551,162)</u>	<u>216,147</u>
Profit for the financial year		<u><u>2,393,650</u></u>	<u><u>838,491</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 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	7,157,343	6,143,342
Investment property	13	<u>3,335,946</u>	<u>3,261,235</u>
		<u>10,493,289</u>	<u>9,404,577</u>
<b>Current assets</b>			
Stocks	14	2,867,881	1,052,295
Debtors	15	19,128,472	13,884,662
Cash at bank and in hand		<u>5,853,416</u>	<u>8,697,287</u>
		<u>27,849,769</u>	<u>23,634,244</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(15,887,177)</u>	<u>(11,516,830)</u>
<b>Net current assets</b>		<u>11,962,592</u>	<u>12,117,414</u>
<b>Total assets less current liabilities</b>		<u>22,455,881</u>	<u>21,521,991</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	(112,209)	-
<b>Provisions for liabilities</b>	20	<u>(951,986)</u>	<u>(613,955)</u>
<b>Net assets</b>		<u>21,391,686</u>	<u>20,908,036</u>
<b>Capital and reserves</b>			
Called up share capital		1,000	1,000
Fair value reserve		112,158	112,158
Profit and loss account		<u>21,278,528</u>	<u>20,794,878</u>
<b>Shareholders' funds</b>		<u>21,391,686</u>	<u>20,908,036</u>

Approved and authorised by the Board on 28/06/23 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 2022

	Share capital £	Fair value reserve £	Profit and loss account £	Total £
At 1 October 2021	1,000	112,158	20,794,878	20,908,036
Profit for the year	-	-	2,393,650	2,393,650
Total comprehensive income	-	-	2,393,650	2,393,650
Dividends	-	-	(1,910,000)	(1,910,000)
At 30 September 2022	1,000	112,158	21,278,528	21,391,686

	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

# **Fred Champion Groundworks Limited**

## **Notes to the Financial Statements**

**Year Ended 30 September 2022**

### **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 2022**

### **Going concern**

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

At the balance sheet date the group maintains a strong cash balance. 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 economic environment is more challenging 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 2022**

### **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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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 2022**

#### **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 2022

### 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 Turnover

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

	2022 £	2021 £
Rendering of services	72,878,179	61,019,709
Sale of developed properties and machinery	1,180,992	2,019,430
Other revenue	1,376	1,386
	<u>74,060,547</u>	<u>63,040,525</u>

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

	2022 £	2021 £
UK	<u>74,060,547</u>	<u>63,040,525</u>

The amount of contract revenue recognised as Turnover in the year was £74,312,731 (2021 - £61,019,709).

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 2022

### 4 Other operating income

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

	2022 £	2021 £
Sub lease rental income	141,031	116,263
Miscellaneous other operating income	209	22,978
	<u>141,240</u>	<u>139,241</u>

### 5 Other gains and losses

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

	2022 £	2021 £
Gain (loss) on investment properties	-	178,706
Gain (loss) from transfer of stock to investment property	-	68,821
	<u>-</u>	<u>247,527</u>

### 6 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	1,146,238	984,797
Operating lease expense - other	22,044	30,026
(Profit)/loss on disposal of property, plant and equipment	<u>(170,894)</u>	<u>111,418</u>

### 7 Staff costs

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

	2022 £	2021 £
Wages and salaries	13,765,004	12,953,023
Social security costs	1,475,130	1,420,874
Pension costs, defined contribution scheme	405,198	395,731
	<u>15,645,332</u>	<u>14,769,628</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

### Year Ended 30 September 2022

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

	2022 No.	2021 No.
Production	311	323
Administration and support	15	15
	<u>326</u>	<u>338</u>

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	627,303	640,470
Contributions paid to money purchase schemes	42,377	45,416
	<u>669,680</u>	<u>685,886</u>

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>4</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	<u>178,328</u>	<u>187,680</u>

#### 9 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>13,675</u>	<u>11,380</u>
<b>Other fees to auditors</b>		
Taxation compliance services	6,870	4,665
All other non-audit services	4,448	3,000
	<u>11,318</u>	<u>7,665</u>



# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### 10 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	343	443
Loan interest income	16,074	13,201
	<u>16,417</u>	<u>13,644</u>

### 11 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	213,131	-
UK corporation tax adjustment to prior periods	-	(523,244)
	<u>213,131</u>	<u>(523,244)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>338,031</u>	<u>307,097</u>
Tax expense/(receipt) in the income statement	<u>551,162</u>	<u>(216,147)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>2,944,812</u>	<u>622,344</u>
Corporation tax at standard rate	559,514	118,245
Effect of expense not deductible in determining taxable profit (tax loss)	13,644	3,633
Deferred tax expense relating to changes in tax rates or laws	81,956	125,338
Decrease from effect of tax incentives	(103,952)	(47,400)
Tax increase arising from group relief	-	106,784
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)	-	497
Total tax charge/(credit)	<u>551,162</u>	<u>(216,147)</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### Deferred tax

Deferred tax assets and liabilities

	Liability £
<b>2022</b>	
Accelerated capital allowances	827,124
Provisions	(12,223)
Fair valuation of investment property	37,386
	<u>852,287</u>
<b>2021</b>	
Accelerated capital allowances	486,875
Provisions	(10,004)
Fair valuation of investment property	37,386
	<u>514,257</u>

### 12 Tangible assets

	Freehold Property £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2021	2,083,358	3,250,069	6,144,556	11,477,983
Additions	241,807	586,164	1,645,196	2,473,167
Disposals	-	(342,026)	(556,505)	(898,531)
At 30 September 2022	<u>2,325,165</u>	<u>3,494,207</u>	<u>7,233,247</u>	<u>13,052,619</u>
<b>Depreciation</b>				
At 1 October 2021	180,256	2,065,554	3,088,831	5,334,641
Charge for the year	40,480	416,958	688,800	1,146,238
Eliminated on disposal	-	(239,179)	(346,424)	(585,603)
At 30 September 2022	<u>220,736</u>	<u>2,243,333</u>	<u>3,431,207</u>	<u>5,895,276</u>
<b>Carrying amount</b>				
At 30 September 2022	<u>2,104,429</u>	<u>1,250,874</u>	<u>3,802,040</u>	<u>7,157,343</u>
At 30 September 2021	<u>1,903,102</u>	<u>1,184,515</u>	<u>3,055,725</u>	<u>6,143,342</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

### Year Ended 30 September 2022

#### Assets held under finance leases and hire purchase contracts

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

	2022 £	2021 £
Plant and machinery	<u>461,975</u>	<u>-</u>

#### 13 Investment properties

	2022 £
At 1 October	3,261,235
Additions	<u>74,711</u>
At 30 September	<u>3,335,946</u>

Fair value has been estimated with reference to an independent valuation (FRICS FAAV) completed in February 2016 or for assets purchased after this date purchase price. The directors valued the investment property as at 30 September 2022 and concluded that fair value was not materially different to current carrying value.

#### 14 Stocks

	2022 £	2021 £
Raw materials	744,735	643,953
Development properties	<u>2,123,146</u>	<u>408,342</u>
	<u>2,867,881</u>	<u>1,052,295</u>

#### Impairment of stocks

The amount of impairment loss included in profit or loss is £Nil (2021 - £Nil).

#### 15 Debtors

	Note	2022 £	2021 £
Trade debtors		14,066,699	9,406,397
Amounts owed by related parties	27	381,464	21,464
Other debtors		3,836,246	3,791,167
Prepayments		507,963	411,876
Accrued income		336,100	74,598
Income tax asset	11	-	179,160
		<u>19,128,472</u>	<u>13,884,662</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### Details of trade and other debtors

£955,840 (2021 -£768,789) of retentions is classified as non current. This comprises retentions on groundwork contracts due more than one year from the balance sheet date.

### 16 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	973	880
Cash at bank	5,852,443	8,696,407
	<u>5,853,416</u>	<u>8,697,287</u>

### 17 Creditors

	Note	2022 £	2021 £
<b>Due within one year</b>			
Loans and borrowings	18	220,859	-
Trade creditors		10,230,326	7,765,683
Amounts due to group undertakings	27	1,384,368	1,115,639
Social security and other taxes		534,059	533,372
Outstanding defined contribution pension costs		103,965	90,465
Other creditors		217,423	199,344
Corporation tax	11	325,579	-
Accruals		778,150	719,879
Deferred income		2,092,448	1,092,448
		<u>15,887,177</u>	<u>11,516,830</u>
<b>Due after one year</b>			
Loans and borrowings	18	<u>112,209</u>	<u>-</u>

### 18 Loans and borrowings

	2022 £	2021 £
<b>Non-current loans and borrowings</b>		
Hire purchase contracts	<u>112,209</u>	<u>-</u>

	2022 £	2021 £
<b>Current loans and borrowings</b>		
Hire purchase contracts	<u>220,859</u>	<u>-</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

### Year Ended 30 September 2022

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 omnibus guarantee and set-off with Fred Champion Scaffolding Limited dated 5th May 2008.

#### 19 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	224,418	-
Later than one year and not later than five years	112,209	-
	<u>336,627</u>	<u>-</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	19,504	21,316
Later than one year and not later than five years	63,572	-
	<u>83,076</u>	<u>21,316</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £22,044 (2021 - £30,026).

#### 20 Provisions for liabilities

	Deferred tax £	Other provisions £	Total £
At 1 October 2021	514,256	99,699	613,955
Increase (decrease) in existing provisions	<u>338,031</u>	<u>-</u>	<u>338,031</u>
At 30 September 2022	<u>852,287</u>	<u>99,699</u>	<u>951,986</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.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### 21 Share capital

#### Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 22 Dividends

	2022 £	2021 £
Interim dividend of £1,910.00 (2021 - £Nil) per ordinary share.	<u>1,910,000</u>	<u>-</u>

### 23 Commitments

#### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2021 - £44,550).

### 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.

### 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 £405,197 (2021 - £395,732).

Contributions totalling £103,965 (2021 - £90,465) were payable to the scheme at the end of the year and are included in creditors.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### 26 Financial instruments

#### Categorisation of financial instruments

	2022 £	2021 £
Financial assets measured at fair value through profit or loss	3,335,946	3,261,235

### 27 Related party transactions

#### Transactions with directors

	At 1 October 2021 £	Advances to director £	Repayments by director £	At 30 September 2022 £
<b>2022</b>				
<b>Director 1</b>				
Director 1 loan account	<u>(29,364)</u>	<u>(16,843)</u>	<u>30,000</u>	<u>(16,207)</u>
<b>Director 2</b>				
Director 2 loan account	<u>3,120</u>	<u>(3,327)</u>	<u>2,400</u>	<u>2,193</u>
	At 1 October 2020 £	Advances to director £	Repayments by director £	At 30 September 2021 £
<b>2021</b>				
<b>Director 1</b>				
Director 1 loan account	<u>1,000</u>	<u>(70,364)</u>	<u>40,000</u>	<u>(29,364)</u>
<b>Director 2</b>				
Director 2 loan account	<u>1,200</u>	<u>(480)</u>	<u>2,400</u>	<u>3,120</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2022

### 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 £
<b>2022</b>		
Rendering of services	8,984,314	124,453
Amounts receivable from related party	<u>3,229,377</u>	<u>19,167</u>

	Joint ventures £	Other related parties £
<b>2021</b>		
Rendering of services	3,536,019	268,197
Amounts receivable from related party	<u>768,743</u>	<u>30,586</u>

### Expenditure with and payables to related parties

	Joint ventures £	Other related parties £
<b>2022</b>		
Receipt of services	125,331	1,654,277
Amounts payable to related party	<u>34,092</u>	<u>358,387</u>

	Joint ventures £	Other related parties £
<b>2021</b>		
Receipt of services	51,413	1,282,198
Amounts payable to related party	<u>6,054</u>	<u>241,795</u>



# **Fred Champion Groundworks Limited**

## **Notes to the Financial Statements**

**Year Ended 30 September 2022**

### **Loans to related parties**

	<b>Joint ventures £</b>	<b>Other related parties £</b>	<b>Total £</b>
<b>2022</b>			
At start of period	523	1,540,734	1,541,257
Advanced	-	49,877	49,877
Repaid	-	(376,109)	(376,109)
At end of period	<u>523</u>	<u>1,214,502</u>	<u>1,215,025</u>
	<b>Joint ventures £</b>	<b>Other related parties £</b>	<b>Total £</b>
<b>2021</b>			
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>

### **Terms of loans to related parties**

Loans are provided interest free and repayable on demand.