

**Fred Champion Groundworks Limited**

**Annual Report and Financial Statements  
Year Ended 30 September 2020**

**Registration number: 03200045**

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# **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 11
Profit and Loss Account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 31

# **Fred Champion Groundworks Limited**

## **Company Information**

**Directors** F C Champion  
M V Caers  
J S Cleaton-Roberts  
S D Champion  
D S Philp  
J J Cheffings

**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 2020**

The directors present their strategic report for the year ended 30 September 2020.

### **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 decreased as a result of the closures from COVID-19, particularly due to the period of full closure in April and May 2020. The turnover for the year ended 30 September 2019 was £71,554,342 but reduced to £47,057,767 for the year ended 30 September 2020. During the year the company continued to diversify its operations by selling two properties for £1,400,000.

The gross profit margin decreased this year from 14.2% to -2.1% as a result of (1) poor winter weather making conditions tougher to operate in (2) the specific life cycle of projects being completed in the year (3) the impact of Covid-19 and the delays suffered in recommencing more efficient full scale groundworking operations on larger sites over the summer of 2020. As a result of the fall in gross profit the company has made a loss before tax of £2,013,287 (2019: Profit of £6,438,887). The company accessed government support in the form of the Coronavirus job retention scheme funding of £2,013,287 to support the business during periods of reduced activity.

The balance sheet position has decreased at the year end with net assets of £20,069,545 (2019: £23,228,398). Current assets exceed current liabilities by £12,071,594 (2019: £14,318,823) 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.

With regards to non-financial KPIs the company has maintained its customer base and increased 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 are extremely difficult to make in terms of a path forward for the business at the moment. We have taken a view that in the medium term based on current tenders our forecast is strong. We do have reservations on commitment to long terms projects due to rates of inflation rising.

Our highest key objective is to protect and preserve our workforce. We do this by maintaining a steady workflow and to try and keep all of our employees well trained and working in a safe environment. We recognise that skilled labour is going to be difficult to find and protect.

Relations with suppliers has always been strong and we will look to improve on those relations over the coming year. We are already experiencing supply issues with aggregates, paving, and plastics and through solid supplier relations we hope to keep the impact of these shortages as small as possible for the short term.

This year more than ever we want to focus on our impact to the environment and the company is taking active steps to do this. We are limiting travelling distances, investing in new fuel efficient machinery and vehicles, managing our earth movements very closely and we have a vision to invest in some land and create a community woodland to help offset our impact to the environment and the communities we operate in.

## **Fred Champion Groundworks Limited**

### **Strategic Report for the Year Ended 30 September 2020**

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. 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.

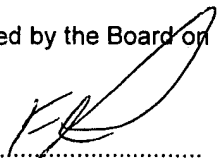
#### **Engagement with employees**

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 7/6/21 and signed on its behalf by:

  
.....  
F C Champion  
Director

# **Fred Champion Groundworks Limited**

## **Directors' Report for the Year Ended 30 September 2020**

The directors present their report and the financial statements for the year ended 30 September 2020.

### **Directors of the company**

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

F C Champion

M V Caers

J S Cleaton-Roberts

S D Champion

D S Philp

J J Cheffings

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### **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 2020

### 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 2019 - 30th September 2020)
Emissions from combustion of gas (Scope 1)	tCO2e	1.6
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	5,184.0
Emissions from purchased electricity (Scope 2)	tCO2e	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
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO2e	20
Total Gross emissions	tCO2e	5,226
Energy consumption used to calculate above emissions	kWh	20,433,751
Intensity Measurement	£ Annual Turnover	£47,057,767
Intensity Ratio	tCO2e/£100,000 Annual Turnover	11.1053

### 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.

### Energy Efficiency Commentary

Fred Champion Groundworks Ltd consider energy efficiency and improvements in all our activities and operations of our sites and transport fleet. We continue to be committed to responsible energy consumption and will practice energy efficiency throughout our operations wherever it's cost-effective and practicable to do so.

# **Fred Champion Groundworks Limited**

## **Directors' Report for the Year Ended 30 September 2020**

### **Going concern**

At the date of signing the accounts the full impact of the coronavirus on the long term is still not well understood but may include continuing disruption to the opening of construction sites, partial suppression of the demand in the UK housing market and significant changes in working capital that may need to be financed. The circumstances are largely unprecedented so precisely predicting the impact on the business is not realistically possible at this time.

As at the current time the group remains open for business. Following UK Government guidance all work on sites ceased on the 24th March 2020 but subsequently recommenced on smaller sites on 27th April. Over the summer of 2020 further sites were opened and the company has continued to be open for business since this date. The disruption caused by Covid-19 impacted the bottom line profitability of the group but the cash position still remains strong at £8.2m at year end.

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Post year end the group retains a strong cash balance (over £7.0m as at March 2021). At the current time the Directors are forecasting that the group will return to profit for the year ended 30 September 2021 and be cash generative. The directors are anticipating that:

- (1) Sales volume will be reduced in the medium term, compared to pre Covid trading, in line with the level of activity over the summer of 2020.
- (2) The business will continue to access the CJRS and other government support schemes as required.
- (3) The business will take full advantage of all credit terms offered by suppliers.

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. Furthermore, the UK government has indicated that continuing support will be available, as required, to support UK business.

Due to the business' strong net asset position it retains the flexibility to obtain additional financing from multiple sources, potentially access further government funding or further delay repayment of certain liabilities in the event that the impact of the coronavirus 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 predominantly rebound once the coronavirus pandemic ceases and has an agreed pipeline of future work on a number of significant new developments with existing customers. This confidence is reflected in the fact that the group has invested over £1.5m on plant and machinery since the year end.

On the basis of these forecasts 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.

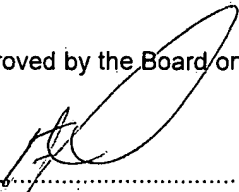
### **Disclosure of information to the auditors**

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 2020**

Approved by the Board on 7/6/21 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 2020, 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 2020 and of its loss 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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

North Quay House  
Sutton Harbour  
Plymouth  
Devon  
PL4 0RA

Date: 16/06/21.....

## Fred Champion Groundworks Limited

### Profit and Loss Account

Year Ended 30 September 2020

	Note	2020 £	2019 £
Turnover	3	47,057,767	71,554,342
Cost of sales		<u>(48,020,908)</u>	<u>(61,407,530)</u>
Gross (loss)/profit		(963,141)	10,146,812
Administrative expenses		(3,306,520)	(3,566,156)
Other operating income	4	<u>2,057,508</u>	<u>68,162</u>
Operating (loss)/profit	6	<u>(2,212,153)</u>	<u>6,648,818</u>
Other interest receivable and similar income	10	15,655	13,676
Interest payable and similar charges	11	(11,849)	(16,955)
Other (losses) / gains	5	<u>(203,945)</u>	<u>(206,652)</u>
		<u>(200,139)</u>	<u>(209,931)</u>
(Loss)/profit before tax		(2,412,292)	6,438,887
Taxation	12	<u>351,809</u>	<u>(1,282,833)</u>
(Loss)/profit for the financial year		<u><u>(2,060,483)</u></u>	<u><u>5,156,054</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.

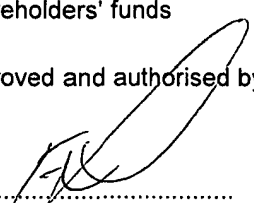
# Fred Champion Groundworks Limited

## Balance Sheet

30 September 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	6,328,308	6,488,440
Investment property	14	1,976,501	2,742,459
Investments	15	-	50
		<u>8,304,809</u>	<u>9,230,949</u>
<b>Current assets</b>			
Stocks	16	2,089,005	2,071,960
Debtors	17	13,163,338	13,478,224
Cash at bank and in hand		<u>7,233,707</u>	<u>9,195,834</u>
		22,486,050	24,746,018
<b>Creditors: Amounts falling due within one year</b>	18	<u>(10,414,456)</u>	<u>(10,427,195)</u>
<b>Net current assets</b>		<u>12,071,594</u>	<u>14,318,823</u>
<b>Total assets less current liabilities</b>		20,376,403	23,549,772
<b>Provisions for liabilities</b>	21	<u>(306,858)</u>	<u>(321,374)</u>
<b>Net assets</b>		<u>20,069,545</u>	<u>23,228,398</u>
<b>Capital and reserves</b>			
Called up share capital		1,000	1,000
Profit and loss account		<u>20,068,545</u>	<u>23,227,398</u>
<b>Shareholders' funds</b>		<u>20,069,545</u>	<u>23,228,398</u>

Approved and authorised by the Board on 7/6/21 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 2020

	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	<u>1,000</u>	<u>20,068,545</u>	<u>20,069,545</u>

	Share capital £	Profit and loss account £	Total £
At 1 October 2018	1,000	18,731,344	18,732,344
Profit for the year	-	5,156,054	5,156,054
Total comprehensive income	-	5,156,054	5,156,054
Dividends	-	(660,000)	(660,000)
At 30 September 2019	<u>1,000</u>	<u>23,227,398</u>	<u>23,228,398</u>

# **Fred Champion Groundworks Limited**

## **Notes to the Financial Statements**

**Year Ended 30 September 2020**

### **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 2020**

#### **Going concern**

At the date of signing the accounts the full impact of the coronavirus on the long term is still not well understood but may include continuing disruption to the opening of construction sites, partial suppression of the demand in the UK housing market and significant changes in working capital that may need to be financed. The circumstances are largely unprecedented so precisely predicting the impact on the business is not realistically possible at this time.

As at the current time the group remains open for business. Following UK Government guidance all work on sites ceased on the 24th March 2020 but subsequently recommenced on smaller sites on 27th April. Over the summer of 2020 further sites were opened and the company has continued to be open for business since this date. The disruption caused by Covid-19 impacted the bottom line profitability of the group but the cash position still remains strong at £8.2m at year end.

Post year end the group retains a strong cash balance (over £7.0m as at March 2021). At the current time the Directors are for forecasting that the group will return to profit for the year ended 30 September 2021 and be cash generative. The directors are anticipating that:

- (1) Sales volume will be reduced in the medium term, compared to pre Covid trading, in line with the level of activity over the summer of 2020.
- (2) The business will continue to access the CJRS and other government support schemes as required.
- (3) The business will take full advantage of all credit terms offered by suppliers.

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. Furthermore, the UK government has indicated that continuing support will be available, as required, to support UK business.

Due to the business' strong net asset position it retains the flexibility to obtain additional financing from multiple sources, potentially access further government funding or further delay repayment of certain liabilities in the event that the impact of the coronavirus 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 predominantly rebound once the coronavirus pandemic ceases and has an agreed pipeline of future work on a number of significant new developments with existing customers. This confidence is reflected in the fact that the group has invested over £1.5m on plant and machinery since the year end.

On the basis of these forecasts 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.

# **Fred Champion Groundworks Limited**

## **Notes to the Financial Statements**

**Year Ended 30 September 2020**

### **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**

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.

#### **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.

#### **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.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 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, 3% on cost

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### 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.

### Investments

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

### 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.

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.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 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.

### 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:

	2020	2019
	£	£
Rendering of services	46,791,210	70,738,406
Sale of developed properties and machinery	266,058	815,423
Other revenue	499	513
	<u>47,057,767</u>	<u>71,554,342</u>

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

	2020	2019
	£	£
UK	<u>47,057,767</u>	<u>71,554,342</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

### Year Ended 30 September 2020

The amount of contract revenue recognised as revenue in the year was £46,791,210 (2019 - £70,738,406).

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.

#### 4 Other operating income

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

	2020 £	2019 £
Rental income	44,221	68,162
UK Government Coronavirus grant schemes	2,013,287	-
	<u>2,057,508</u>	<u>68,162</u>

#### 5 Other gains and losses

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

	2020 £	2019 £
Gain (loss) on investment properties	(29,159)	(206,652)
Gain (loss) on sale of investment properties	(177,255)	-
Gain (loss) from disposals of investments	2,469	-
	<u>(203,945)</u>	<u>(206,652)</u>

#### 6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	1,021,004	1,113,368
Operating lease cost	32,107	34,505
Profit on disposal of property, plant and equipment	<u>(19,259)</u>	<u>(20,351)</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 7 Staff costs

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

	2020 £	2019 £
Wages and salaries	14,097,609	14,642,732
Social security costs	1,448,292	1,554,071
Pension costs, defined contribution scheme	452,290	408,031
	<u>15,998,191</u>	<u>16,604,834</u>

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

	2020 No.	2019 No.
Production	354	339
Administration and support	15	14
	<u>369</u>	<u>353</u>

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	854,681	898,461
Contributions paid to money purchase schemes	77,287	89,554
	<u>931,968</u>	<u>988,015</u>

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	196,744	391,200
Company contributions to money purchase pension schemes	<u>19,400</u>	<u>25,650</u>

## **Fred Champion Groundworks Limited**

### **Notes to the Financial Statements**

**Year Ended 30 September 2020**

#### **9 Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>11,050</u>	<u>11,050</u>
<b>Other fees to auditors</b>		
Taxation compliance services	6,070	6,070
All other non-audit services	<u>6,336</u>	<u>4,634</u>
	<u>12,406</u>	<u>10,704</u>

#### **10 Other interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest income on bank deposits	10,465	12,381
Loan interest income	<u>5,190</u>	<u>1,295</u>
	<u>15,655</u>	<u>13,676</u>

#### **11 Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest expense on other finance liabilities	<u>11,849</u>	<u>16,955</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 12 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	(337,293)	1,214,126
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(14,516)</u>	<u>68,707</u>
Tax (receipt)/expense in the income statement	<u>(351,809)</u>	<u>1,282,833</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
(Loss)/profit before tax	<u>(2,412,292)</u>	<u>6,438,887</u>
Corporation tax at standard rate	(458,335)	1,223,389
Effect of expense not deductible in determining taxable profit (tax loss)	52,944	64,965
Deferred tax expense/(credit) relating to changes in tax rates or laws	26,080	(8,120)
Tax increase/(decrease) arising from group relief	28,320	(1,051)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(818)</u>	<u>3,650</u>
Total tax (credit)/charge	<u>(351,809)</u>	<u>1,282,833</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### Deferred tax

Deferred tax assets and liabilities

	Liability £
<b>2020</b>	
Accelerated capital allowances	215,140
Provisions	(7,981)
	<u>207,159</u>
<b>2019</b>	
Accelerated capital allowances	229,425
Provisions	(7,750)
	<u>221,675</u>

### 13 Tangible assets

	Freehold Property £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2019	1,835,366	3,012,489	5,829,620	10,677,475
Additions	447,608	357,705	416,214	1,221,527
Disposals	-	(329,430)	(89,553)	(418,983)
Transfers	(193,399)	-	-	(193,399)
At 30 September 2020	<u>2,089,575</u>	<u>3,040,764</u>	<u>6,156,281</u>	<u>11,286,620</u>
<b>Depreciation</b>				
At 1 October 2019	108,844	1,568,359	2,511,832	4,189,035
Charge for the year	35,769	420,599	564,639	1,021,007
Eliminated on disposal	-	(209,993)	(41,737)	(251,730)
At 30 September 2020	<u>144,613</u>	<u>1,778,965</u>	<u>3,034,734</u>	<u>4,958,312</u>
<b>Carrying amount</b>				
At 30 September 2020	<u>1,944,962</u>	<u>1,261,799</u>	<u>3,121,547</u>	<u>6,328,308</u>
At 30 September 2019	<u>1,726,522</u>	<u>1,444,130</u>	<u>3,317,788</u>	<u>6,488,440</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 14 Investment properties

	2020 £
At 1 October	2,742,459
Additions	647,057
Disposals	(1,577,255)
Transfers to and from property, plant and equipment	193,399
Fair value adjustments	<u>(29,159)</u>
At 30 September	<u>1,976,501</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 30/09/20 and concluded that fair value was not materially different to current carrying value, following a fair value adjustment of £29,159.

### 15 Investments in subsidiaries, joint ventures and associates

	2020 £	2019 £
Investments in joint ventures	<u>-</u>	<u>50</u>
<b>Joint ventures</b>		£
<b>Cost</b>		
At 1 October 2019		50
Disposals		<u>(50)</u>
At 30 September 2020		<u>-</u>
<b>Carrying amount</b>		
At 30 September 2020		<u>-</u>
At 30 September 2019		<u>50</u>
Fred Champion Groundworks sold its 50% shareholding in Burcombe Concrete Limited (previously B & C Concrete Limited) on 13 June 2020.		

### 16 Stocks

	2020 £	2019 £
Raw materials	616,317	912,480
Development properties	<u>1,472,688</u>	<u>1,159,480</u>
	<u>2,089,005</u>	<u>2,071,960</u>

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### Impairment of stocks

The amount of impairment loss included in profit or loss is £158,224 (2019 - £289,582).

### 17 Debtors

	Note	2020 £	2019 £
Trade debtors		7,547,710	9,554,482
Amounts owed by related parties	27	522	255,308
Other debtors		3,031,595	2,467,079
Prepayments		295,845	392,866
Accrued income		1,679,116	808,489
Income tax asset	12	608,550	-
		<u>13,163,338</u>	<u>13,478,224</u>
Less non-current portion		<u>(714,019)</u>	<u>(528,721)</u>
		<u>12,449,319</u>	<u>12,949,503</u>

### Details of trade and other debtors

£578,726 (2019 -£528,721) of retentions is classified as non current. This comprises retentions on groundwork contracts due more than one year from the balance sheet date.

### 18 Creditors

	Note	2020 £	2019 £
<b>Due within one year</b>			
Trade creditors		6,407,281	7,886,423
Amounts due to group undertakings	27	2,376,922	484,385
Social security and other taxes		457,914	447,885
Outstanding defined contribution pension costs		97,247	97,013
Other creditors		212,360	245,385
Accruals		854,851	582,559
Corporation tax	12	7,881	683,545
		<u>10,414,456</u>	<u>10,427,195</u>

### 19 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.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 20 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	24,232	34,732
Later than one year and not later than five years	21,316	56,048
	<u>45,548</u>	<u>90,780</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £32,107 (2019 - £34,505).

### 21 Provisions for liabilities

	Deferred tax £	Other provisions £	Total £
At 1 October 2019	221,675	99,699	321,374
Increase (decrease) in existing provisions	<u>(14,516)</u>	<u>-</u>	<u>(14,516)</u>
At 30 September 2020	<u>207,159</u>	<u>99,699</u>	<u>306,858</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.

### 22 Share capital

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

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 23 Dividends

	2020 £	2019 £
Interim dividend of £1,098 (2019 - £660) per ordinary share	<u>1,098,370</u>	<u>660,000</u>

# **Fred Champion Groundworks Limited**

## **Notes to the Financial Statements**

**Year Ended 30 September 2020**

### **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.

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### **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 £452,290 (2019 - £408,031).

Contributions totalling £97,247 (2019 - £97,013) were payable to the scheme at the end of the year and are included in creditors.

### **26 Financial instruments**

#### **Categorisation of financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Financial assets measured at fair value through profit or loss	1,976,502	2,742,459

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### 27 Related party transactions

#### Transactions with directors

	At 1 October 2019 £	Advances to directors £	Repaid by director £	At 30 September 2020 £
<b>2020</b>				
<b>Director 1</b>				
Director 1 loan account (creditor)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
<b>Director 2</b>				
Director 2 loan account (creditor)	<u>7,613</u>	<u>(9,613)</u>	<u>3,200</u>	<u>1,200</u>
	At 1 October 2018 £	Advances to directors £	Repaid by director £	At 30 September 2019 £
<b>2019</b>				
<b>Director 1</b>				
Director 1 loan account (creditor)	<u>2,000</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<b>Director 2</b>				
Director 2 loan account (creditor)	<u>5,213</u>	<u>-</u>	<u>2,400</u>	<u>7,613</u>

#### Other transactions with directors

During the year one of the company's investment properties was rented to a Director and on 30/09/20 the company exchanged contracts with the Director for the sale of the property.

### Key management personnel

#### Summary of transactions with other related parties

Companies related by common control.

Trade sales, trade purchases and loan account provided to related parties.

# Fred Champion Groundworks Limited

## Notes to the Financial Statements

Year Ended 30 September 2020

### Income and receivables from related parties

	Joint ventures £	Key management £	Other related parties £
<b>2020</b>			
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>	<u>-</u>	<u>5,977</u>

	Joint ventures £	Key management £	Other related parties £
<b>2019</b>			
Rendering of services	170,282	-	55,358
Rental income	-	26,762	-
	<u>170,282</u>	<u>26,762</u>	<u>55,358</u>
Amounts receivable from related party	<u>18,890</u>	<u>-</u>	<u>12,353</u>

### Expenditure with and payables to related parties

	Joint ventures £	Other related parties £
<b>2020</b>		
Receipt of services	547,303	1,168,065
Amounts payable to related party	<u>8,576</u>	<u>258,679</u>

	Joint ventures £	Other related parties £
<b>2019</b>		
Receipt of services	810,907	1,306,502
Amounts payable to related party	<u>123,633</u>	<u>202,755</u>

### Loans to related parties

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

## **Fred Champion Groundworks Limited**

### **Notes to the Financial Statements**

**Year Ended 30 September 2020**

	<b>Joint ventures £</b>	<b>Other related parties £</b>	<b>Total £</b>
<b>2019</b>			
At start of period	252,954	412,043	664,997
Advanced	-	30,873	30,873
Repaid	-	(63,210)	(63,210)
At end of period	<u>252,954</u>	<u>379,706</u>	<u>632,660</u>

#### **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.