

Company Registration No. 06299941 (England and Wales)

CLEGG HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CLEGG HOLDINGS LIMITED

COMPANY INFORMATION

Directors	K Anderson S M Giltrap S J Blackburn T S Richmond
Secretary	G J Russell
Company number	06299941
Registered office	Bishops House 42 High Pavement The Lace Market Nottingham NG1 1HN
Auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR
Bankers	Lloyds Bank Plc 12-16 Lower Parliament Street Nottingham NG1 3DA
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

CLEGG HOLDINGS LIMITED

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CLEGG HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is that of a parent company of a group of companies engaged in the construction industry.

Business Review

2021 saw a 4.48% decrease (2020: 6.84%) in turnover. Profit before tax increased from £205,178 to £1,553,239.

Principal risks and uncertainties

The company and its subsidiary companies aim to minimise risks and uncertainties to the level of the market place in which it operates and achieve this through internal controls and review procedures.

The company and its subsidiary companies make sales and applications for payment on normal credit terms and manage related risks through its credit control procedures. The company does not hedge interest payments on any of its borrowings.

Key performance Indicators

The directors use a range of key performance indicators to evaluate the performance of the business. Of these, the level of sales and gross profit are the key factors. There was an overall increase in gross profit margin compared with the prior year at 5.4% of sales (2020 - decrease 3.9%).

Future developments

The group is anticipating continued strong performance in 2022.

CLEGG HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172 statement

As required by Section 172 of the Companies Act, a Director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

- The likely consequences of any decision in the long term;
- The interest of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Company's engagement with its stakeholders and consideration of their respective interests is as follows:

Employees

The directors ensured all employees were aware of the objectives and results of the company through presentations and meetings. It has also been their focus to provide a positive work environment for all employees with opportunities for all to grow and achieve their potential.

During the year, the Clegg Employee Ownership Trust was set up for the benefit of the employees. Further detail can be found in note 27.

Customer and suppliers

The group collaborates with a variety of customers and our success depends on having the resources and skills necessary to guarantee a superior service level and product quality. The group has a longstanding relationship with local and international suppliers ensuring conformance of quality, cost competitiveness and sourcing guarantee.

Community and environment

Clegg Holdings and its subsidiaries are important job contributors in our regions and invest in solutions to reduce our impact on the environment.

By order of the board

G J Russell

Secretary

20 September 2022

CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £nil (2020 - £46,532). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Anderson
S M Giltrap
S J Blackburn
T S Richmond

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the group will be put at a General Meeting.

Energy and carbon report

The UK Government's Streamline Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, this is the second time adoption of disclosures on energy and carbon. The table below represents Clegg Holdings energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK for the year ended 31 December 2021. The data covers the non-exempt subsidiaries only.

	2021	2020
<i>Energy consumption</i>	kWh	kWh
Aggregate of energy consumption in the year	2,090,504	1,244,749

CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 metric tonnes	2020 metric tonnes
<i>Emissions of CO2 equivalent (CO2e)</i>		
Scope 1 - direct emissions		
- Gas combustion	29.00	28.00
- Fuel consumed for owned transport	129.00	90.00
	<u>158.00</u>	<u>118.00</u>
Scope 2 - indirect emissions		
- Electricity purchased	98.00	19.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	228.00	159.00
	<u>228.00</u>	<u>159.00</u>
Total gross emissions	<u>484.00</u>	<u>296.00</u>
<i>Intensity ratio</i>		
Tonnes CO2e per £m turnover	4.58	2.68
	<u>4.58</u>	<u>2.68</u>

Quantification and reporting methodology

The boundaries of this report are based on operational control. We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. The 2021 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO2e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method.

This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. For the Cambridge and London offices, utilities are included in the rent, so benchmarking based on floor area against industry benchmarks has been used to provide estimated energy consumption at these sites. The Nottingham site is shared between all 3 companies so the energy use at this site is split evenly between them. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage. Mileage claims data for the January-December 2021 period was unavailable, therefore the April 2021-March 2022 period has been used instead as a representation of a 12-month period. It should also be noted that energy consumption on construction sites was not previously tracked and was omitted from the previous report for FYE Dec-2020. This has been tracked for FYE Dec-2021 and has been included in the figures above.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m turnover, the recommended ratio for the sector.

CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Measures taken to improve energy efficiency

We are committed to responsible energy management and will practice energy efficiency throughout our organisation, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. No specific energy efficiency actions have been carried out during the reporting period.

Statement of directors' responsibilities

The directors are responsible 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board

G J Russell
Secretary

20 September 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED**

Opinion

We have audited the financial statements of Clegg Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the group, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

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 inflated revenue on the long term construction contracts and recognition of the profit on this work.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Audit procedures performed included:

- challenge management's forecasts, in particular assessing the expected margin on significant projects in light of the post year end information available;
- challenge management's forecasts, in particular assessing the appropriateness of the key assumptions, which includes the expected recovery of variations and retentions;
- review of the financial statement disclosures to underlying supporting documentation
- enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 by, for example, forgery or intentional misrepresentations, or through collusion.

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

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.

Roger Merchant (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

20 September 2022

Chartered Accountants
Statutory Auditor

CLEGG HOLDINGS LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
Turnover	3	105,625,940	110,576,307
Cost of sales		(99,947,426)	(106,243,224)
Gross profit		5,678,514	4,333,083
Administrative expenses		(4,150,242)	(4,171,168)
Other operating income		72,731	66,869
Operating profit	4	1,601,003	228,784
Interest receivable and similar income	8	-	10,398
Interest payable and similar expenses	9	(47,764)	(34,004)
Profit before taxation		1,553,239	205,178
Tax on profit	10	(139,159)	150,894
Profit for the financial year	27	1,414,080	356,072

Profit for the financial year is all attributable to the owners of the parent company.

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

CLEGG HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12	144,591		360,591	
Tangible assets	13	1,541,903		1,569,026	
Investment properties	14	2,330,000		2,330,000	
			<u>4,016,494</u>		<u>4,259,617</u>
Current assets					
Stocks	18	1,083,101		1,083,101	
Debtors	19	24,286,038		21,015,038	
Cash at bank and in hand		7,924,509		7,837,500	
			<u>33,293,648</u>		<u>29,935,639</u>
Creditors: amounts falling due within one year	20	(31,626,240)		(28,437,996)	
Net current assets			<u>1,667,408</u>		<u>1,497,643</u>
Total assets less current liabilities			<u>5,683,902</u>		<u>5,757,260</u>
Creditors: amounts falling due after more than one year	21	(1,356,522)		(1,487,145)	
Provisions for liabilities					
Deferred tax liability	24	122,621		93,035	
			<u>(122,621)</u>		<u>(93,035)</u>
Net assets			<u>4,204,759</u>		<u>4,177,080</u>
Capital and reserves					
Called up share capital	26	4,796		4,796	
Share premium account	27	3,635		3,635	
Capital redemption reserve	27	274		274	
Own shares	27	(412,819)		(636,813)	
Other reserve	27	(1,610,395)		-	
Profit and loss reserves	27	6,219,268		4,805,188	
Total equity			<u>4,204,759</u>		<u>4,177,080</u>

CLEGG HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 20 September 2022 and are signed on its behalf by:

K Anderson
Director

CLEGG HOLDINGS LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	15		9,351,541		9,351,541
Current assets					
Debtors	19	2,715,613		2,715,613	
Cash at bank and in hand		6,603		6,608	
		<u>2,722,216</u>		<u>2,722,221</u>	
Creditors: amounts falling due within one year	20	<u>(11,535,282)</u>		<u>(11,648,881)</u>	
Net current liabilities			<u>(8,813,066)</u>		<u>(8,926,660)</u>
Net assets			<u>538,475</u>		<u>424,881</u>
Capital and reserves					
Called up share capital	26		4,796		4,796
Share premium account	27		3,635		3,635
Capital redemption reserve	27		274		274
Own shares	27		(412,819)		(636,813)
Other reserve			(1,610,395)		-
Profit and loss reserves	27		<u>2,552,984</u>		<u>1,052,989</u>
Total equity			<u>538,475</u>		<u>424,881</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,499,995 (2020 - £21,213 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 20 September 2022 and are signed on its behalf by:

K Anderson
Director

Company Registration No. 06299941

CLEGG HOLDINGS LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Share premium account	Capital redemption reserve	Own shares	Other reserve loss	Profit and reserves	Total
Notes	£	£	£	£	£	£	£
Balance at 1 January 2020	4,796	3,635	274	(636,813)	-	4,495,648	3,867,540
Year ended 31 December 2020:							
Profit and total comprehensive income for the year	-	-	-	-	-	356,072	356,072
Dividends	11	-	-	-	-	(46,532)	(46,532)
Balance at 31 December 2020	4,796	3,635	274	(636,813)	-	4,805,188	4,177,080
Year ended 31 December 2021:							
Profit and total comprehensive income for the year	-	-	-	-	-	1,414,080	1,414,080
EMI Share Options exercised	-	-	-	223,994	(223,994)	-	-
Voluntary contributions to Employee Ownership Trust	-	-	-	-	(1,386,401)	-	(1,386,401)
Balance at 31 December 2021	4,796	3,635	274	(412,819)	(1,610,395)	6,219,268	4,204,759

CLEGG HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Share premium account	Capital redemption reserve	Own shares	Other reserve loss	Profit and reserves	Total
Notes	£	£	£	£	£	£	£
Balance at 1 January 2020	4,796	3,635	274	(636,813)	-	1,120,734	492,626
Year ended 31 December 2020:							
Loss and total comprehensive income for the year	-	-	-	-	-	(21,213)	(21,213)
Dividends	11	-	-	-	-	(46,532)	(46,532)
Balance at 31 December 2020	4,796	3,635	274	(636,813)	-	1,052,989	424,881
Year ended 31 December 2021:							
Profit and total comprehensive income for the year	-	-	-	-	-	1,499,995	1,499,995
EMI Share Options exercised	-	-	-	223,994	(223,994)	-	-
Voluntary contributions to Employee Ownership Trust	-	-	-	(71,000)	(1,315,401)	-	(1,386,401)
Balance at 31 December 2021	4,796	3,635	274	(483,819)	(1,539,395)	2,552,984	538,475

CLEGG HOLDINGS LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	32	1,916,295		2,833,885	
Interest paid		(47,764)		(34,004)	
Income taxes paid		(250,331)		(106,385)	
Net cash inflow from operating activities		1,618,200		2,693,496	
Investing activities					
Purchase of subsidiary		-	(700,168)		
Purchase of tangible fixed assets		(40,749)	(42,277)		
Proceeds on disposal of tangible fixed assets		8,904	-		
Repayments of directors loans		30,000	-		
Interest received		-	10,398		
Net cash used in investing activities			(1,845)		(732,047)
Financing activities					
Contribution to Employee Ownership Trust		(1,610,395)	-		
EMI share options exercised		223,994	-		
Proceeds of new bank loans		-	1,158,930		
Repayment of bank loans		(142,261)	(75,000)		
Payment of finance leases obligations		(684)	-		
Dividends paid to equity shareholders		-	(46,532)		
Net cash (used in)/generated from financing activities			(1,529,346)		1,037,398
Net increase in cash and cash equivalents			87,009		2,998,847
Cash and cash equivalents at beginning of year		7,837,500		4,838,653	
Cash and cash equivalents at end of year		7,924,509		7,837,500	

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Clegg Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Bishops House, 42 High Pavement, The Lace Market, Nottingham, NG1 1HN.

The group consists of Clegg Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties to fair value. The principal accounting policies adopted are set out below.

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow has been presented for the company;

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Clegg Holdings Limited and all of its subsidiaries. The results of subsidiaries acquired are consolidated for the periods from the date on which control passed. Business combinations are accounted for under the purchase method.

1.3 Going concern

The directors continue to closely monitor the cash position on current construction projects measured against project budgets and forecasts, which are also regularly reviewed as part of the monitoring of on - site project performance. Final account negotiations are also closely monitored and scrutinised on a regular basis along with working capital requirements.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Turnover

Revenue comprises of the value of contracting work executed during the year plus the invoiced value of other sales. The value of contracted work is based on measured valuations, incorporating profit earned to the valuation date, taking into account cost to completion and any anticipated losses.

The amount by which recorded revenue on uncompleted contracts is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed in debtors.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

Rental income is accounted for on a receivable basis under the terms of ongoing leases.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life of 14 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	8 to 50 years
Plant and equipment	3 to 5 years
Fixtures and fittings	4 years
Computers	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stocks

Properties held for sale are valued at lower of cost and net realisable value, less any impairment. Cost includes all direct costs of purchase.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

Basic financial assets and liabilities

Basic financial assets and liabilities, which include debtors, creditors and cash and bank balances, are initially measured at transaction price. Financial assets or liabilities classified as receivable within one year are not amortised.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

During the year, Clegg Employee Ownership Trust was setup for the benefit of the employees. Further detail can be found in note 27.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Long term contracts

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Company to estimate the construction performed to date as a proportion of the total construction to be performed. The estimation of the revenue and profit recognition by reference to the stage of completion can involve considerable judgement around future margins. The percentage of completion is determined using stage valuations provided by third party chartered surveyors and therefore provides an independent reliable valuation.

The group reviews these estimates and assumptions as each contract progresses. To the extent that the amounts receivable on the contracts are different to the amounts recorded such differences will impact revenue and cost of sales in the period in which such determination is made.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	105,625,940	110,576,307
	<u> </u>	<u> </u>
	2021	2020
	£	£
Other significant revenue		
Interest income	-	10,398
	<u> </u>	<u> </u>

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	82,205	87,038
Depreciation of tangible fixed assets held under finance leases	2,095	-
Profit on disposal of tangible fixed assets	(8,904)	-
Amortisation of intangible assets	216,000	216,000
Release of negative goodwill	-	(1,831)
Operating lease charges	190,187	267,156
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6,000	5,000
Audit of the financial statements of the company's subsidiaries	30,000	28,000
	<u> </u>	<u> </u>
	36,000	33,000
	<u> </u>	<u> </u>
For other services	22,500	28,275
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors and company secretary) employed by the group and company during the year was:

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Building	78	78	-	-
Admin	35	39	5	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	113	117	5	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****6 Employees (Continued)**

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	6,357,644	6,123,582	-	-
Social security costs	801,321	812,842	-	-
Pension costs	434,112	437,652	-	-
	<u>7,593,077</u>	<u>7,374,076</u>	<u>-</u>	<u>-</u>

Included in wages is £22,792 (2020 - £147,474) of income received relating for furlough grant income.

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	505,611	421,902
Company pension contributions to defined contribution schemes	42,152	39,308
	<u>547,763</u>	<u>461,210</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	173,420	144,780
Company pension contributions to defined contribution schemes	14,106	13,217
	<u>187,526</u>	<u>157,997</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****8 Interest receivable and similar income**

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	8,330
Other interest income	-	2,068
	<hr/>	<hr/>
Total income	-	10,398
	<hr/>	<hr/>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	46,720	34,004
Interest on finance leases and hire purchase contracts	926	-
Other interest	118	-
	<hr/>	<hr/>
Total finance costs	47,764	34,004
	<hr/>	<hr/>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	122,666	(17,615)
Adjustments in respect of prior periods	(13,093)	(133,056)
	<hr/>	<hr/>
Total current tax	109,573	(150,671)
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	29,586	(223)
	<hr/>	<hr/>
Total tax charge/(credit)	139,159	(150,894)
	<hr/>	<hr/>

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Taxation****(Continued)**

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	1,553,239	205,178
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	295,115	38,984
Tax effect of expenses that are not deductible in determining taxable profit	10,285	9,374
Adjustments in respect of prior years	(13,093)	(128,421)
Depreciation on assets not qualifying for tax allowances	-	2,913
Research and development tax credit	(100,000)	(120,000)
Non-deductible amortisation of goodwill	41,040	45,979
Deferred tax not recognised	-	441
Other adjustments	287	(164)
Remeasurement of deferred tax for changes in tax rates	29,428	-
EMI options exercised	(123,903)	-
Taxation charge/(credit)	139,159	(150,894)

The prior year adjustments predominantly relates to corporation tax refunds on research and development claims.

11 Dividends

	2021	2020
	£	£
Recognised as distributions to equity holders:		
Interim paid	-	46,532

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****12 Intangible fixed assets**

Group	Goodwill
	£
Cost	
At 1 January 2021 and 31 December 2021	3,002,591
Amortisation and impairment	
At 1 January 2021	2,642,000
Amortisation charged for the year	216,000
At 31 December 2021	2,858,000
Carrying amount	
At 31 December 2021	144,591
At 31 December 2020	360,591

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 January 2021	1,680,460	35,477	165,231	17,467	206,305	25,745	2,130,685
Additions	-	-	14,494	-	25,925	16,758	57,177
Disposals	-	-	-	-	-	(25,745)	(25,745)
At 31 December 2021	1,680,460	35,477	179,725	17,467	232,230	16,758	2,162,117
Depreciation and impairment							
At 1 January 2021	265,697	35,477	84,229	10,083	140,965	25,208	561,659
Depreciation charged in the year	14,683	-	21,620	3,068	42,297	2,632	84,300
Eliminated in respect of disposals	-	-	-	-	-	(25,745)	(25,745)
At 31 December 2021	280,380	35,477	105,849	13,151	183,262	2,095	620,214
Carrying amount							
At 31 December 2021	1,400,080	-	73,876	4,316	48,968	14,663	1,541,903
At 31 December 2020	1,414,763	-	81,002	7,384	65,340	537	1,569,026

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****13 Tangible fixed assets****(Continued)**

The freehold property was valued at £2,074,000 on an open market existing use basis on 17 September 2013 by NL3 Limited, construction and property consultants, and the revaluation was incorporated into the financial statements in line with the transitional provisions of FRS 102 and treated the valuation as deemed cost on transition to FRS 102 on 1 January 2014. Since the valuation date there have been significant additions and disposals, and on a like to like basis the freehold property would be valued at £1,680,460.

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

The carrying amounts would have been approximately £491,778 (2020 - £508,998), being cost £860,991 (2020 - £860,991) and depreciation £369,213 (2020 - £351,994).

14 Investment property

	Group	Company
	2021	2021
	£	£
Fair value		
At 1 January 2021 and 31 December 2021	2,330,000	-

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 4 March 2020 by Colliers International Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The directors consider the valuation of the investment property continues to remain reasonable.

15 Fixed asset investments

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Investments in subsidiaries at cost less impairment	16	-	-	9,351,541	9,351,541

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Subsidiaries

(Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Clegg Accommodation Solutions Limited	England and Wales	Builders and civil engineering contractors	Ordinary	0	100.00
Clegg Construction Limited	England and Wales	Builders and civil engineering contractors	Ordinary	0	100.00
Clegg EBT Limited	England and Wales	Dormant	Ordinary	100.00	-
Clegg Food Projects Limited	England and Wales	Builders and civil engineering contractors	Ordinary	0	100.00
Clegg Group Limited	England and Wales	Builders and civil engineering contractors	Ordinary	0	100.00
Clegg Small Projects Limited	England and Wales	Builders and civil engineering contractors	Ordinary	0	100.00
Clegg Special Projects Limited	England and Wales	Dormant	Ordinary	0	100.00
D E Clegg Holdings Limited	England and Wales	Holding Company	Ordinary	100.00	-
J.W. Engineering Limited	England and Wales	Structural engineering	Ordinary	0	100.00
Nottsview Limited	England and Wales	Builders and civil engineering contractors	Ordinary	100.00	-
Nuthook Developments Limited	England and Wales	Dormant	Ordinary	0	100.00
Kew Medical Limited	England and Wales	Property investment and development	Ordinary	0	100.00
Castlegate 608 Limited	England and Wales	Dormant	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

1 Bishops House, 42 High Pavement, The Lace Market, Nottingham, NG1 1HN

17 Financial instruments

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	15,829,689	15,189,797	n/a	n/a
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	28,338,876	29,066,850	n/a	n/a
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial asset debt instruments measured at amortised cost represents trade debtors, amounts owed by related parties, amounts owed by the shareholders and other debtors.

Financial liabilities measured at amortised cost represents bank loans, trade creditors, other creditors and accruals.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Properties held for sale	1,083,101	1,083,101	-	-

19 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	14,774,138	14,096,367	-	-
Gross amounts owed by contract customers	8,284,253	4,882,809	-	-
Corporation tax recoverable	163,238	-	-	-
Amounts owed by parent undertakings	-	-	2,715,613	2,715,613
Other debtors	1,056,117	2,016,745	-	-
Prepayments and accrued income	8,292	19,117	-	-
	<u>24,286,038</u>	<u>21,015,038</u>	<u>2,715,613</u>	<u>2,715,613</u>

Included within group trade debtors is an amount of £1,253,735 (2020 - £2,073,514) relating to retentions due over 1 year.

20 Creditors: amounts falling due within one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans	22	159,286	159,284	-	-
Obligations under finance leases	23	4,104	-	-	-
Trade creditors		24,883,673	24,625,924	-	-
Amounts owed to group undertakings		-	-	11,535,282	11,648,881
Corporation tax payable		111,617	89,137	-	-
Other taxation and social security		4,532,269	769,154	-	-
Other creditors		650,265	830,749	-	-
Accruals and deferred income		1,285,026	1,963,748	-	-
		<u>31,626,240</u>	<u>28,437,996</u>	<u>11,535,282</u>	<u>11,648,881</u>

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2021	2020	2021	2020
		£	£	£	£
Bank loans and overdrafts	22	1,344,882	1,487,145	-	-
Obligations under finance leases	23	11,640	-	-	-
		<u>1,356,522</u>	<u>1,487,145</u>	<u>-</u>	<u>-</u>

For details of securities over bank and other loans, see note 22.

The assets held under finance leases are secured on the assets to which they relate.

22 Loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	1,504,168	1,646,429	-	-
	<u>1,504,168</u>	<u>1,646,429</u>	<u>-</u>	<u>-</u>
Payable within one year	159,286	159,284	-	-
Payable after one year	1,344,882	1,487,145	-	-
	<u>1,504,168</u>	<u>1,646,429</u>	<u>-</u>	<u>-</u>

The total amount of outstanding loans at the year end was £1,504,168 (2020 - £1,646,429). The full £1,504,168 (2020 - £1,646,429) of these loans is secured over properties held by the group. £429,525 (2020 - £487,500) is also secured by way of cross guarantees over the assets of Clegg Holdings Limited group of companies. There are two loans which attract interest at a rate of 2.25% being £429,525 (2020 - £487,500) and 3.2% being £1,074,643 (2020 - £1,158,929) above LIBOR. The loans are repayable in full by 2026 and 2025 respectively.

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****23 Finance lease obligations**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	4,104	-	-	-
In two to five years	11,640	-	-	-
	<u>15,744</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets.

24 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities
	2021	2020
	£	£
Group		
Accelerated capital allowances	66,678	50,214
Tax losses	(400)	-
Revaluations	56,343	42,821
	<u>122,621</u>	<u>93,035</u>

The company has no deferred tax assets or liabilities.

	Group	Company
	2021	2021
	£	£
Movements in the year:		
Liability at 1 January 2021	93,035	-
Charge to profit or loss	29,586	-
	<u>122,621</u>	<u>-</u>

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****24 Deferred taxation (Continued)**

The deferred tax liability set out above relating to accelerated capital allowances is expected to reverse within 12 months.

25 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	434,112	437,652

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At the balance sheet, there are pension contributions due of £60,546 (2020 - £57,656).

26 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	4,796	4,796	4,796	4,796

The ordinary shares have full voting, dividend and capital distribution rights and are not redeemable.

During the year, 2,445 of the 4,796 Ordinary Shares of the company were sold to an Employee Ownership Trust. The shares, which were previously held by the original shareholders of the company, were sold for consideration of £7,651,500 on 26 October 2021.

See note 27 for further information.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Reserves

Share premium

Includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Own shares

The value of own shares represents the consideration paid by the Clegg Employee Benefit Trust ("Clegg EBT") (which is both sponsored by and ultimately controlled by Clegg Holdings Limited) to acquire shares of Clegg Holdings Limited. These shares are held by the Trust for the main purpose of fulfilling employee share options that have been granted under the rules of the Enterprise Management Incentive scheme.

During the year, EMI share options were exercised by the directors. The options exercised were in relation to Clegg Holdings Limited, which were owned by Clegg EBT. 280 shares were exercised on 26 October 2021 for consideration of £222,880. The consideration plus stamp duty has been transferred from the Own Shares reserve to the Other reserve as this were settled as part of the sale of the shares to the Clegg Employee Ownership trust, see note 26.

Other reserves

During the year, voluntary contributions were made to the Clegg Employee Ownership Trust ("Clegg EOT"). The value in other reserves represents the cash and other costs paid by the group for the purchase of the shares in Clegg Holdings Limited, by the Clegg EOT. Similarly, voluntary cash contributions have been made post year end which total £943,776. The group has a commercial obligation to fund future deferred payments, providing sufficient funding and reserves are available to do so.

See further detail in note 26 in relation to the share purchase.

Profit and loss reserves

Profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

Distributable reserves at 31 December 2021 in respect of the Group totals £4,196,054. Distributable reserves at 31 December 2021 in respect of the Company totals £529,770. This takes into account the balances included in the Profit and loss reserve, Own shares reserve and the Other reserve.

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****28 Operating lease commitments****Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	142,445	143,975	-	-
Between two and five years	144,661	175,777	-	-
	<u>287,106</u>	<u>319,752</u>	<u>-</u>	<u>-</u>

29 Related party transactions**Key Management Personnel**

Key Management personnel are deemed to be the directors of the group and the directors of the subsidiary companies. The total combined remuneration paid to key management personnel for the year was £1,319,068 (2020 - £1,113,695).

Related Parties

The group has taken advantage of the exemption available under section 1AC.35 of FRS 102, from disclosing transactions entered into between two or more wholly-owned members of the group.

During the year, the Clegg Employee Ownership Trust, which now holds 2,445 of the 4,796 ordinary shares, was setup for the benefit of the employees, see note 27 for further detail.

30 Directors' transactions

During the year T S Richmond, a director of Clegg Holdings Limited, carried out consultancy work for the group. Total fees charged amounted to £22,976 (2020 - £24,960). During the year directors of the company received dividends of £nil (2020 - £46,532).

Transaction with shareholders

Included within debtors are amounts due from shareholders totalling £nil (2020 - £30,000). £30,000 (2020 - £125,000) was written off in the current year.

31 Controlling party

Clegg Holdings Limited is now controlled by Clegg Employee Ownership Trust, see note 26.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

32 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	1,414,080	356,072
Adjustments for:		
Taxation charged/(credited)	139,159	(150,894)
Finance costs	47,764	34,004
Investment income	-	(10,398)
Gain on disposal of tangible fixed assets	(8,904)	-
Amortisation and impairment of intangible assets	216,000	214,169
Depreciation and impairment of tangible fixed assets	84,300	87,038
Movements in working capital:		
(Increase)/decrease in debtors	(3,137,762)	6,662,777
Increase/(decrease) in creditors	3,161,658	(4,358,883)
Cash generated from operations	<u>1,916,295</u>	<u>2,833,885</u>

33 Analysis of changes in net funds - group

	1 January 2021	Cash flows	New finance leases	31 December 2021
	£	£	£	£
Cash at bank and in hand	7,837,500	87,009	-	7,924,509
Borrowings excluding overdrafts	(1,646,429)	142,261	-	(1,504,168)
Obligations under finance leases	-	684	(16,428)	(15,744)
	<u>6,191,071</u>	<u>229,954</u>	<u>(16,428)</u>	<u>6,404,597</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.