

CAREY LONDON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Riordan O'Sullivan & Co
Chartered Certified Accountants and Statutory Auditors
40 Chamberlayne Road
London
NW10 3JE

CAREY LONDON LIMITED

COMPANY INFORMATION

Directors	M Carey E Cosgrove D Hockley (resigned 11 February 2022) E Carty N Skelton (appointed 28 February 2022)
Company secretary	E Cosgrove
Registered number	07707155
Registered office	Unit E1 The Courtyard Alban Park St.Albans AL4 0LA
Independent auditors	Riordan O'Sullivan & Co Chartered Certified Accountants & Statutory Auditors 40 Chamberlayne Road London NW10 3JE
Bankers	Svenska Handelsbanken AB (Publ) 3 Thomas More Street St Katherine's & Wapping London E1W 1WY

CAREY LONDON LIMITED

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CAREY LONDON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

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

Principal activity

The principal activity of the company is that of groundworks and reinforced concrete frame contracting.

Key performance indicators

		2021	2020	2019	2018
Turnover	£'000	45,438	35,208	36,367	34,839
Profit before tax	£'000	1,517	4,729	6,185	3,996
Profit margin	%	3.34	13.43	17.01	11.47
Balance sheet strength	£'000	19,040	17,621	15,651	11,022

Review of 2021

Our key performance indicators above continue to show consistent profitability and balance sheet growth.

Construction activity was affected due to the unprecedented challenges of the Covid-19 pandemic from March 2020 and the economic uncertainty leading up to the December 2020 Brexit date. The company adapted to Covid-19 working practices and procedures and despite some slow-downs we stayed operational throughout.

Despite the unprecedented challenges and uncertainties of Covid-19 the company had another successful year achieving profits of £1.5 million on turnover of £45.4 million. We continued to invest in health and safety, training, IT and in new plant and equipment and the company maintained strong and liquid balance sheet worth £19.0 million.

Our construction activities progressed with projects being completed and handed over during the year. Pricing remained challenging in a competitive market and costs continue to rise but nevertheless our consistent profits resulted from a combination of factors such as continuing focus on core activities, the on-going strengthening of our management team, our smart and more efficient use of systems, procedures and technology, embracing proven modern techniques, and the increasing value of our contracts.

Future prospects

The UK has made a very encouraging progress in the roll out of the Covid-19 vaccination programme and a trade deal has also been reached with the EU so the directors believe that confidence will be renewed in the UK construction sector and in the UK economy as a place to do business.

Construction activity in the current year has remained at a similar level and some projects have longer programmes due to shortage of tradespeople but we have a satisfactory order book from well-established customers and our financial strength has enabled us to continue to invest in our people and resources.

However, continuing price increases, shortage of tradespeople and materials and severe competition in our sector make caution the order of the day.

The directors expect the strength of the company with its strong and liquid balance sheet, our dedicated and experienced team and our reputation in our sectors to continue the delivery of a consistent, profitable, timely and quality service to our valued customers.

CAREY LONDON LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Principal risks and uncertainties

Construction is a high risk competitive sector and there are a number of uncertainties which could have an impact on the company's performance and could cause results to differ substantially from historical profits and future projections. However, we have well established systems and procedures in place to help avoid or minimise risks to the company. The principal risks for our company include the following:

Credit risk

The company's credit risks are mainly attributable to the amounts receivable from our customers for services carried out. Our policy therefore remains to have a good mix of long standing and established customers and we have a financial and management reporting system that monitors our customers and our debtor book on a day to day basis.

Liquidity risk

The company finances its operations through a mixture of cash reserves, trade and intercompany debtors including receivables from contracts less trade creditors and hire purchases. Therefore, the directors are confident that they can meet their obligations as they fall due.

Health and safety risk

At Carey London Limited, health and safety remains top of our priorities.

Carey London Limited has in place a robust health and safety policy that is constantly under review. The key to our success is we are always exceeding the industry standards and never rest on our laurels. We are constantly looking at new innovative ideas to carry out our works whilst ensuring our work force are fully protected at all times. This is done by Carey London Limited continually investing in new plant and equipment, formwork systems and Work at Height access equipment. While at the same time ensuring we have a fully trained and competent workforce to successfully carry out the tasks on hand.

Our Integrated Management System are accredited to various standards such as ISO 9001, 14001 & 45001, Achilles, SMAS & CHAS. This management system provides the framework and procedures to help identify and control our health & safety risks and aid legislative compliance.

Going concern

The company made a £1.5 million profit during the year and it has a £19.0 million balance sheet with strong liquidity. Business confidence in the construction sector continues and we have a satisfactory order book from well established customers. Therefore, the directors are confident that the company can continue to trade successfully and continue to provide an excellent and reliable service to our customers for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

CAREY LONDON LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Corporate social responsibility

The directors believe that the long term interests of the company, its employees and its customers are best served by acting in a corporate social manner. Therefore, the company ensures that high standards are maintained in everything that we do.

The onset of the Covid-19 pandemic at the beginning of our financial year required us to make significant changes to work patterns, health and safety protection measures and social distancing for the protection of our employees, subcontractors and suppliers, which we achieved to great effect and enabled us to keep the our workforce operational engaged throughout.

During the year the company and its employees supported many worthy causes and charities and in conjunction with our clients we continue to offer employment to local tradesmen and support staff in our areas of operation and we continue to invest in upskilling and training.

Our people and health and safety are at the heart of everything we do and we write more about them below.

As a large construction company we acknowledge our responsibility to help the environment and advance sustainability. We work with our material suppliers in this respect and we recycle and re-use our site waste wherever possible and we work closely with modern waste management recycling companies.

Payment to suppliers

We continuously assess and monitor our suppliers who are a crucial part of to the success of our business. Payment to our suppliers and subcontractors is managed by ensuring sufficient funds are available to meet liabilities as they fall due. Terms and conditions of payment and supply are agreed in advance and the company endeavours to adhere to its side of the agreement. In line with normal practice in the industry most tradesmen are paid weekly and generally other suppliers are paid at the end of the month following the month of supply.

Our people, training and employee involvement

The company's success is attributable to our team of skilled, experienced and dedicated directors, management, tradesmen and support staff, of whom we are proud and most of whom are long term and committed Carey London employees.

We continue to invest in the life-long training and development of our staff so that we offer a career path that helps retain and enhance the skills, talents and experience required to deliver best service to our valued customers and so that we offer the challenge, training, motivation and career development expected by the best employees throughout their working life. We never forget that it is our employees that will ensure the continuing success of our company into the future.

Our short chain of command keeps us in constant dialogue with our employees and keeps them abreast of company activity, performance, quality control, training, health and safety, environmental issues, planning and future prospects.

We remain an equal opportunity employer without reference to age, ethnicity or gender and we are opposed to all forms of discrimination. We continue our policy regarding the employment of disabled persons and fair consideration is given to applications for employment by disabled persons where the requirement of the job can be adequately fulfilled by a handicapped person.

I extend my sincere thanks to all our staff for their continuing dedication and commitment and I hope they continue to work on developing a life-long and rewarding career where they feel valued and respected and a part of the on-going success of Carey London Limited.

CAREY LONDON LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Directors' statement of compliance with duty to promote the success of the company

The primary responsibility of the Board is to promote the long term success of the company for the benefit of the shareholders, but the directors acknowledges that long term success and reputation is dependent on our responsibility to balance the interests of all other stakeholders who we come into contact with, in order to deliver the best possible outcome for all concerned.

Section 172 of the Companies Act 2006 requires us to report each year on how we fulfil these obligations.

Customers

Our customers are at the heart of our business, with whom we are in constant dialogue and we strive to give them the best possible service and to enhance our relationship for our mutual benefit and that of the wider community.

Our employees

Our employees are key to the success of our business. We have a hands-on family culture where our directors and managers are actively involved on our projects on a day-to-day basis and who constantly engage with our employees and keep them informed of business development, forecasts and prospects. We have longstanding experienced employees, we expect and maintain high standards and we offer a rewarding career progression. Health and safety training and wellbeing is a constant that is promoted and maintained as a core value. The year to July 2021 was particularly challenging for employees due to the Covid pandemic but fortunately we in the construction industry were able to stay in operation with Covid safety measures in place. We thank our employees for their dedication and commitment.

Subcontractors and suppliers

Our subcontractors and suppliers are crucial stakeholders in the success of our business, without whom we could not operate, so we treat them in the same way we treat our employees in terms of communication, payment, terms and conditions and inclusivity and who we expect to adhere to our high standards.

Local community and the environment

We acknowledge the external impact of our activities on local communities and on the environment. We create local employment opportunities in our areas of operation and we engage local subcontractors and we do business with local suppliers and we support local charities and organisations.

We re-use and recycle as much of our site construction waste as possible and we work with modern waste recycling businesses. We acknowledge our carbon emissions obligations and we are constantly updating our already modern fleet with low emission engines and we comply with all permits and consent requirements.

Other controls

We acknowledge our ethical, moral and social responsibilities and the aim of the company to maintain high standards of business conduct remains paramount. We are opposed to all forms of discrimination. We obtain external assurance through audits and through national and international standards compliance and accreditations.

The future

The board looks forward with confidence to continue the success of the company into the future.

CAREY LONDON LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

This report was approved by the board on 26 April 2022 and signed on its behalf.

M Carey
Director

CAREY LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £1,419,428 (2020 - £4,219,898).

No interim dividends were paid during the year (2020: £2,250,000). The directors do not recommend payment of a further dividend.

Directors

The directors who served during the year were:

M Carey
E Cosgrove
D Hockley (resigned 11 February 2022)
E Carty

CAREY LONDON LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Streamline Energy and Carbon Reporting

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Carey London Ltd to disclose annual UK energy consumption and Greenhouse Gas emissions from SECR regulated sources.

Energy consumption (kWh) and Greenhouse Gas emissions (tCO₂e) totals

The following figures show the consumption and associated emissions for this reporting year for the operations of the Company:

Scope 1 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of grid purchased natural gas in day-to-day business operations.

Scope 3 consumption and emissions relate to direct combustion of natural gas and fuels utilised for transportation operations of company vehicles transporting plant and equipment to site.

Scope 4 consumption and emissions relate to direct combustion of natural gas and fuels utilised for operation of plant on site.

The total consumption (kWh) figures for energy supplies reportable by Carey London Ltd are as follows:

	Year ended 31 July 2021
UK energy use (kWh)	4,555,123
Associated greenhouse gas emissions (tCO ₂ e)	1,138
Intensity ratio emissions per £1m turnover	25.29

Methodology:

Our carbon emissions have been calculated in accordance with the Greenhouse Gas (GHG) Protocol - Corporate Standard methodology.

Our plans for the future include:

- Explore further hybrid and electric site plant and equipment
- Continue to streamline deliveries to further reduce unnecessary journeys
- Continue to reduce waiting times on site for delivery vehicles
- Encourage the use of online meetings to reduce unnecessary journeys
- Review and monitor our energy usage

Strategic report

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, people, training and health and safety.

CAREY LONDON LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Disclosure of information to auditors

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

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

Auditors

Under section 487(2) of the Companies Act 2006, Riordan O'Sullivan & Co, Chartered Certified Accountants and Statutory Auditors, are deemed to be reappointed as auditors.

This report was approved by the board on 26 April 2022 and signed on its behalf.

M Carey
Director

CAREY LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED

Opinion

We have audited the financial statements of Carey London Limited (the 'company') for the year ended 31 July 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

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

We have nothing to report in this regard.

CAREY LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires 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 ; 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 Directors' Responsibilities Statement set out on page 6, 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.

CAREY LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, through discussions with directors and senior management and from our commercial knowledge and experience of the construction industry.

We focused on specific laws and regulations which we considered may have a material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the extent of compliance with these laws and regulations through discussions and enquiry with directors and senior management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

We considered the financial controls in place to mitigate risks of fraud and error, including the risk of management bias or override. We tested the appropriateness of journal entries that appeared unusual as to nature or amount.

We considered the impact of Covid-19 and the impact the pandemic has had on the company.

Our audit procedures were designed to respond to the risks of material misstatement in the financial statements, recognising that 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 or collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations are from financial transactions, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

CAREY LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED (CONTINUED)

Use of our report

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

Patrick McNamara (Senior Statutory Auditor)
for and on behalf of

Riordan O'Sullivan & Co

Chartered Certified Accountants & Statutory Auditors
40 Chamberlayne Road
London
NW10 3JE

26 April 2022

CAREY LONDON LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 £	2020 £
Turnover	4	45,437,911	35,208,276
Cost of sales		(41,629,642)	(28,034,766)
Gross profit		3,808,269	7,173,510
Administrative expenses		(2,361,679)	(2,531,969)
Other operating income	5	-	40,267
Operating profit	6	1,446,590	4,681,808
Interest receivable and similar income	10	70,235	51,700
Interest payable and similar expenses	11	-	(4,325)
Profit before tax		1,516,825	4,729,183
Taxation	12	(97,397)	(509,285)
Profit for the financial year		1,419,428	4,219,898

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

CAREY LONDON LIMITED
REGISTERED NUMBER:07707155

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	14	8,890,594	6,863,474
		<u>8,890,594</u>	<u>6,863,474</u>
Current assets			
Debtors	15	15,417,910	13,000,601
Cash at bank and in hand		6,007,915	6,085,451
		<u>21,425,825</u>	<u>19,086,052</u>
Creditors: amounts falling due within one year	16	(10,350,955)	(7,879,881)
Net current assets		<u>11,074,870</u>	<u>11,206,171</u>
Total assets less current liabilities		<u>19,965,464</u>	<u>18,069,645</u>
Provisions for liabilities			
Deferred tax	18	(925,364)	(448,973)
		<u>(925,364)</u>	<u>(448,973)</u>
Net assets		<u><u>19,040,100</u></u>	<u><u>17,620,672</u></u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account		19,039,100	17,619,672
		<u><u>19,040,100</u></u>	<u><u>17,620,672</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2022.

M Carey
Director

E Cosgrove
Director

The notes on pages 18 to 27 form part of these financial statements.

CAREY LONDON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2019	1,000	15,649,774	15,650,774
Profit for the year	-	4,219,898	4,219,898
Dividends	-	(2,250,000)	(2,250,000)
At 1 August 2020	1,000	17,619,672	17,620,672
Profit for the year	-	1,419,428	1,419,428
At 31 July 2021	<u>1,000</u>	<u>19,039,100</u>	<u>19,040,100</u>

CAREY LONDON LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,419,428	4,219,898
Adjustments for:		
Depreciation of tangible assets	1,338,223	1,197,694
Loss on disposal of tangible assets	18,354	15,338
HP Interest paid	-	4,325
Interest received	(70,235)	(51,700)
Taxation charge	97,397	509,285
(Increase) in debtors	(1,691,350)	(2,674,339)
Increase/(decrease) in creditors	2,624,109	(2,258,470)
Corporation tax paid	(500,000)	(744,968)
Net cash generated from operating activities	3,235,926	217,063
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,462,897)	(1,781,816)
Sale of tangible fixed assets	79,200	469,000
Interest received	70,235	51,700
HP interest paid	-	(4,325)
Net cash from investing activities	(3,313,462)	(1,265,441)
Cash flows from financing activities		
Repayment of/new finance leases	-	(113,631)
Dividends paid	-	(2,250,000)
Net cash used in financing activities	-	(2,363,631)
Net (decrease) in cash and cash equivalents	(77,536)	(3,412,009)
Cash and cash equivalents at beginning of year	6,085,451	9,497,460
Cash and cash equivalents at the end of year	6,007,915	6,085,451
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,007,915	6,085,451
	6,007,915	6,085,451

CAREY LONDON LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 JULY 2021

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Cash at bank and in hand	6,085,451	(77,536)	6,007,915
Debt due within 1 year	(3,030)	3,030	-
	<u>6,082,421</u>	<u>(74,506)</u>	<u>6,007,915</u>

The notes on pages 18 to 27 form part of these financial statements.

CAREY LONDON LIMITED

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

1. General information

Carey London Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit E1, The Courtyard, Alban Park, St Albans, AL4 0LA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Financial statements are prepared in sterling which is the functional currency of the company.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors' Report and the Strategic Report sets out the company's business activities, and highlights the factors which may impact on its financial performance, market position and future prospects.

The Strategic Report also provides information in relation to the company's financial and liquidity position, details of its financial instruments, management of capital and exposure to credit and liquidity risk.

The company has a strong balance sheet and a substantial order book for the twelve months from the date of approval of these financial statements and its forecasts indicate that it will continue to generate profit and positive cash flows for the foreseeable future.

As a consequence, the directors believe that the company has adequate resources to continue in operational existence and that it is well placed to continue to manage its business risks successfully. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Turnover

Turnover from contracting activities is recognised at the fair value of the consideration received or receivable in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

2.4 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.

CAREY LONDON LIMITED

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

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

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 basis:

Plant and machinery	- Range between 10% - 20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

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 credited or charged to profit or loss.

2.5 Amount recoverable on contracts

Amounts recoverable on contracts, including work-in-progress, are shown within debtors and are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Turnover and related costs are recorded as contract activity progresses. An appropriate proportion of the anticipated contract profit or loss is recognised as the contract activity progresses commensurate with performance and anticipated final outcome. Excess progress payments are included in creditors as payments received on account.

2.6 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probable requires settlement by transfer or economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.7 Cash at bank and in hand

Cash at bank and in hand 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.

2.8 Financial instruments

The company 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.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CAREY LONDON LIMITED

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

2. Accounting policies (continued)

2.9 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employer's services are received.

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.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Government grants

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

CAREY LONDON LIMITED

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

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

The preparation of financial statements under FRS 102 requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the year. Actual outcome may therefore differ from these estimates and assumptions. The estimates and assumptions that have the most significant impact on the carrying values of assets and liabilities of the company within the next financial year are detailed as follows:

Long term contracts

Recognition of revenue and profit on long term contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the balance sheet date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as technological innovations, maintenance and projected disposal values.

4. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

5. Other operating income

	2021 £	2020 £
Government grants receivable	-	40,267
	<u>-</u>	<u>40,267</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,338,223	1,197,694
Loss on disposal of tangible fixed assets	<u>18,354</u>	<u>15,338</u>

CAREY LONDON LIMITED

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

7. Auditors' remuneration

Fees payable to the company's auditors:

Audit of the financial statements of the company	15,000	15,000
Other services	19,000	16,950
	<u>34,000</u>	<u>31,950</u>

8. Employees

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

	2021 £	2020 £
Wages and salaries	974,798	949,479
Social security costs	114,362	119,830
Pension costs	5,372	7,934
	<u>1,094,532</u>	<u>1,077,243</u>

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

	2021 No.	2020 No.
	<u>15</u>	<u>16</u>
Administration and technical		

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>292,000</u>	<u>274,333</u>

10. Interest receivable

	2021 £	2020 £
Other interest receivable	<u>70,235</u>	<u>51,700</u>

CAREY LONDON LIMITED

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

11. Interest payable and similar expenses

	2021 £	2020 £
Finance leases and hire purchase contracts	-	4,325

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	804,171
Adjustments to tax charge in respect of prior periods	(378,994)	(401,091)
Deferred tax		
Deferred tax	476,391	106,205
Taxation on profit on ordinary activities	97,397	509,285

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,516,825	4,729,183
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	288,197	898,545
Effects of:		
Expenses not deductible for tax purposes	44,504	46,784
Capital allowances for year in excess of depreciation	(552,942)	(144,072)
Origination and reversal of timing differences	476,391	106,205
Prior year adjustments: Research and development tax credit	(406,058)	(401,091)
Prior year adjustments: Others	27,064	-
Unrelieved tax losses carried back	216,754	-
Loss on disposal of fixed assets	3,487	2,914
Total tax charge for the year	97,397	509,285

CAREY LONDON LIMITED

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

13. Dividends

	2021 £	2020 £
Interim dividend paid	-	2,250,000

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 August 2020	10,561,905	119,835	90,740	10,772,480
Additions	3,430,550	21,999	10,348	3,462,897
Disposals	(211,938)	-	(90,740)	(302,678)
At 31 July 2021	13,780,517	141,834	10,348	13,932,699
Depreciation				
At 1 August 2020	3,782,667	66,269	60,070	3,909,006
Charge for the year	1,322,048	15,225	950	1,338,223
Disposals	(145,054)	-	(60,070)	(205,124)
At 31 July 2021	4,959,661	81,494	950	5,042,105
Net book value				
At 31 July 2021	8,820,856	60,340	9,398	8,890,594
At 31 July 2020	6,779,238	53,566	30,670	6,863,474

CAREY LONDON LIMITED

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

15. Debtors

	2021 £	2020 £
Amounts recoverable on long term contracts	5,117,108	4,882,165
Amounts owed by related undertakings	6,040,775	6,865,847
Other debtors	3,916,371	1,001,701
Prepayments	343,656	250,888
	<u>15,417,910</u>	<u>13,000,601</u>

Other debtors include corporation tax recoverable of £725,959 (2020: £Nil); VAT recoverable of £387,677 (2020: £429,528) and directors current account of £2,683,649 (2020: £411,967).

Amounts owed by related undertakings and directors are unsecured and repayable on demand.

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	8,619,886	5,991,838
Corporation tax	-	153,035
Other taxation and social security	2,510	42,377
Other creditors	33,824	64,186
Accruals	1,694,735	1,628,445
	<u>10,350,955</u>	<u>7,879,881</u>

Amounts owed to related undertakings are unsecured, interest free and payable on demand.

17. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	6,007,915	6,085,451
Financial assets measured at amortised cost	13,960,618	12,320,185
	<u>19,968,533</u>	<u>18,405,636</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(10,348,445)</u>	<u>(7,684,468)</u>

CAREY LONDON LIMITED

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

18. Deferred taxation

	2021 £	2020 £
At beginning of year	448,973	342,768
Charged to profit or loss	476,391	106,205
At end of year	925,364	448,973

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	925,364	448,973

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,372 (2020 - £7,937). Contributions totalling £Nil (2020 - £3,030) were payable to the fund at the balance sheet date and are included in creditors.

21. Transactions with directors

During the year the company made interest free advances to Directors amounting to £2,761,682 (2020: £409,534).

The company received a repayment of £490,000 during the year (2020: £380,540) and the balance was settled in full since the year end.

CAREY LONDON LIMITED

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

22. Related party transactions

Key management personnel

The key management personnel are the company directors and their remuneration is disclosed in note 9 of the financial statements.

Transactions with related parties

During the year the company traded on normal commercial term with Alban Park Management Services Limited and M Carey Properties Limited, companies in which there are common directors and shareholders.

Management fee payable - £12,000 (2020: £40,000).

Rent payable - £420,000 (2020: £417,500).

Interests received in respect of advances made - £49,592 (2020 - £44,895).

23. Post balance sheet events

There were no events since the year end which materially affected the company.

24. Controlling party

The company is controlled by M Carey, the director and shareholder.

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