

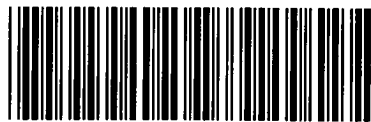
Registered number: 09802945

RED CONSTRUCTION GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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RED CONSTRUCTION GROUP LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | G J Sturge I M Hopkinson S C Lousada J Hayes |
| Company secretary | S A Hunt |
| Registered number | 09802945 |
| Registered office | Oakley House The Drive Oakley Bedford MK43 7ST |
| Independent auditors | Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF |
| Bankers | Barclays Bank plc 1 Churchill Place Canary Wharf E14 5HP |

RED CONSTRUCTION GROUP LIMITED

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RED CONSTRUCTION GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their Strategic Report and the financial statements for the year ended 31 March 2022.

Principal activity

The principal activity of the group in the year under review is construction, working directly with end use clients and property asset owners, as a specialist main contractor.

Business review and general outlook

During the year the group has become firmly established across multiple regions and sectors, in accordance with an ambitious, yet controlled growth strategy developed by the group board, which is kept under continuous review.

The core of that strategy is the aim to be the contractor of choice in the commercial, residential, hotel and leisure markets, based on the group's reputation being synonymous with effective delivery across new build and refurbishment projects in the UK. To that end, the group maintains a clear focus on:

- Bringing together teams of talented individuals committed to enhancing our reputation for successful delivery.
- Being Independent and agile, addressing our client's needs quickly with enthusiasm and energy.
- Engaging early with our clients, to ensure that from the onset, sustainable solutions are at the heart of every key decision.

Our Values and approach

Honesty, integrity and hard work are at the heart of everything we do. Our clients choose us for our specialist knowledge, our employees choose us for our ambition and inclusive mindset. We conduct business ethically and transparently, creating value for our clients through alternative methodologies and efficiencies.

This is our operating model which is built on three key components

- **Relationships** building positive trusting connections with our clients, teams and stakeholders to empower growth and success.
- **Enthusiasm** exerting passion and determination for service excellence, through innovation, engagement of positive opportunities and provide solutions to all challenges.
- **Delivery** on our promises, with pride, integrity, and transparency, for all stakeholders through the utmost respect for the environment and communities, creating a lasting legacy.

London, Regional and Sector Footprint

- RED London

The group established its reputation as a main contractor in London where the city's heritage and scale present unique and complex construction challenges. RED's portfolio in the capital includes a range of landmark projects, such as the debut of an international hotel brand in Waterloo, a residential conversion and extension in the capital's SW12 area, and a prestigious high profile commercial redevelopment on the corner of Bond Street. Values of projects have ranged from £5m to £45m.

RED CONSTRUCTION GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Our Values and approach (continued)

- **RED South West**

Towards the end of 2021, the group extended its geographic footprint by establishing RED South West, based in Bristol. RED South West delivers across markets consistent with regional requirements. The South West division is led by an experienced and respected local management team, who have delivered an extensive portfolio of high profile projects in Bristol and across the South West region. The team is fully aligned with RED's straightforward approach, work ethic and exceptional technical capabilities.

- **RED Special Projects**

In 2022, the group established RED Special Projects, a division dedicated to delivering exceptional construction services for building projects from £100,000 to £7.5m value. RED's highly experienced and professional team is comfortable with complexity, servicing specific needs such as façade replacement, structural alterations, refurbishments and fit out for a wide variety of work scope.

- **ONE MEP**

Launched in 2022, RED's MEP capability was established to provide integrated services from traditional installation works through to self-delivery, including full design, enhancing the breath of service we can offer on our projects.

Financial key performance indicators

The Board uses key performance indicators (KPI's) to monitor the group's performance and regularly reviews the key risks of the business.

In addition to regular management reporting, the Board monitors KPI's on a range of activities including health & safety, considerate contractors scheme scores, order book, working capital management and other financial and non-financial measures.

- Cash generated from operating activities is reviewed through monitoring debtors and work in progress
- Profit and total comprehensive income for the financial year is another key measure and is included in the financial review.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a priority for the group.

The group has delegated authorities in place to ensure its commitments are made at the appropriate level. Tenders are reviewed prior to acceptance to identify risk and ensure risks are at an acceptable level or can be managed to an acceptable level.

The group's operations expose it to various risks including health & safety risk, credit & cash flow risk, and supply chain risk.

Health & Safety Risk

The group is very aware of the dangers inherent in construction site environments. The group has a dedicated health & safety department which continually strives for improvement in behaviours and processes on site with the aim of achieving zero accident rates. Regular toolbox talks and training is carried out, consistent with the priority of delivering a safe working environment for our employees, subcontractors and the public.

RED CONSTRUCTION GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Principal risks and uncertainties (continued)

Credit & Cash Flow Risk

New clients are approved as part of the tender process with the aim of ensuring those clients have committed funding in place before contractual commitments are undertaken. Existing clients are monitored for signs of potential credit risk. Debtors and work in progress is closely monitored throughout the construction process.

Construction is a capital intensive business with significant initial outlays when projects are mobilised. The group maintains a strong focus on working capital management. Cash flow forecasts are reviewed on a frequent basis to ensure that the group is not operating beyond its financial means.

Supply Chain Risk

The group monitors its supply chain to ensure that subcontractors have the required technical, operational and financial capabilities before appointment. The availability of materials, subcontract labour and plant can have an impact on construction programmes. Inflationary pressures on those inputs can impact on construction margins as in some instances additional costs cannot be passed on to clients.

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



G J Sturge
Director

Date: 22/12/22

RED CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors

The directors who served during the year were:

G J Sturge (Group Managing Director)
I M Hopkinson
S C Lousada
J Hayes

Financial review

The group generated revenue of £64.7million in the financial year ended 31 March 2022 (2021: £24.8m). During the year the group completed 14 Park Crescent for Amazon Property, the refurbishment of 3 Shortlands for Romulus and The Angel Central refurbishment for CBRE Global Investors, whilst securing prestigious projects at The Visitor Pavilion for Argent Related, Commercial redevelopment for Seaforth Land, Townsend House for ITC Properties, The Other House for The Portfolio Club and 100 Shoreditch Hotel.

A dividend of £251,000 was paid during the year (2021: £199,995).

Building on the solid foundations established in previous financial years, in line with our strategic plan, and our robust operating model, the group has secured a strong order book for the financial year ending March 2023 and is forecasting revenues in excess of £70.0m for that year. The group maintains strong working capital disciplines and finances its working capital requirements from operating activities without the need for recourse to any external sources of funding. The group remains confident in the 'pipeline' of known and identified opportunities in its core markets. In the opinion of the directors the prospects for the business are very positive.

Sustainability

"RED to Green" is the group's roadmap to delivering our construction and workplace activities in a sustainable way, minimising our impact on the environment, our clients, and the communities we support through our activities. The first significant milestone to be achieved on our RED to Green journey is cutting our reliance on fossil fuelled vehicles within the group's fleet. We now have 62% hybrid and 38% fully electric and are targeting 100% fully electric by 2025.

Working in collaboration with an innovative hotel brand and drawing on RED's extensive knowledge and expertise, the group has been appointed to deliver its first hotel to deliver beyond 2030 targets for carbon reduction in both construction and operation. The build will have many unique bespoke design elements, including the integration of renewal energy sources and the implementation of over 25 solar powered EV charging points.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,463,090 (2021 - £685,882).

Dividends of £251,000 (2021: £199,995) were paid during the year, the directors do not propose the payment of a final dividend.

RED CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Health and safety of employees

Health, Safety and wellbeing are an integral part of our building process, embedded within the team and running through from planning to procurement and delivery of the scheme. Responsibility for Health and Safety is owned by the site team as a whole and ultimately by the project lead.

The business has a robust process of regular independent inspections, the results of which are issued directly to the operations directors and the business owners. We are indebted to our people for creating an environment which has had zero reportable accidents since the business commenced trading. At the same time we are not complacent about our desire and drive to keep the business injury free.

Engagement with employees

The group is an equal opportunity employer and fully accepts its obligations under all relevant legislation. We value the mix of strengths and insights this approach brings and we are proud to have built a team with diverse knowledge and expertise. All employees are encouraged to work towards additional competencies reflective of their role in the group. In addition, our recruitment and training programmes play a key role in creating an effective and united team whilst also helping foster the industry's next generation.

Matters covered in the Group Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Group Strategic Report instead. These matters relate to business review, principal risk and uncertainties, financial key performance indicators.

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 and the Group'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 and the Group's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



G J Sturge
Director

Date: 22 December 2022

RED CONSTRUCTION GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RED CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED CONSTRUCTION GROUP LIMITED

Opinion

We have audited the financial statements of RED Construction Group Limited (the 'Company') for the year ended 31 March 2022 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 March 2022 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 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.

RED CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED CONSTRUCTION GROUP 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 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 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 us to report to you if, in our opinion:

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

RED CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED CONSTRUCTION GROUP LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 intend either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

RED CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RED CONSTRUCTION GROUP LIMITED

In addition, we evaluated the directors' and 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 posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the insert the assertion(s) subject to your revenue recognition significant fraud risk, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

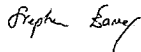
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit 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.



Stephen Eames (Senior Statutory Auditor)
for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Dec 22, 2022

RED CONSTRUCTION GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

| | Note | 2022 £ | 2021 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 64,727,941 | 24,579,848 |
| Cost of sales | | (60,142,621) | (22,618,778) |
| Gross profit | | 4,585,320 | 1,961,070 |
| Administrative expenses | | (3,125,199) | (1,384,551) |
| Operating profit | 5 | 1,460,121 | 576,519 |
| Interest receivable and similar income | 9 | 783 | 173 |
| Profit before taxation | | 1,460,904 | 576,692 |
| Tax on profit | 10 | 2,186 | 109,190 |
| Profit for the financial year | | 1,463,090 | 685,882 |
| Total comprehensive income for the year attributable to: | | | |
| Non-controlling interest | | (4,516) | - |
| Owners of the parent Company | | 1,467,606 | 685,882 |
| | | 1,463,090 | 685,882 |

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED
REGISTERED NUMBER: 09802945

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 668,739 | 97,498 |
| | | <u>668,739</u> | <u>97,498</u> |
| Current assets | | | |
| Debtors | 14 | 10,127,948 | 7,264,914 |
| Cash at bank and in hand | 15 | 6,944,359 | 3,406,895 |
| | | <u>17,072,307</u> | <u>10,671,809</u> |
| Creditors: amounts falling due within one year | 16 | (15,364,825) | (9,595,685) |
| Net current assets | | <u>1,707,482</u> | <u>1,076,124</u> |
| Total assets less current liabilities | | <u>2,376,221</u> | <u>1,173,622</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 18 | (9,034) | (18,525) |
| | | <u>(9,034)</u> | <u>(18,525)</u> |
| Net assets excluding pension asset | | <u>2,367,187</u> | <u>1,155,097</u> |
| Net assets | | <u>2,367,187</u> | <u>1,155,097</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,500 | 1,500 |
| Profit and loss account | 20 | 2,370,203 | 1,153,597 |
| Equity attributable to owners of the parent Company | | <u>2,371,703</u> | <u>1,155,097</u> |
| Non-controlling interests | | (4,516) | - |
| | | <u>2,367,187</u> | <u>1,155,097</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2022.


G J Sturge
 Director

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED
REGISTERED NUMBER: 09802945

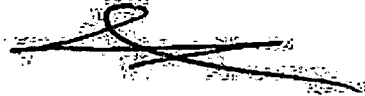
COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 633,445 | 97,498 |
| Investments | 13 | 180 | - |
| | | <u>633,625</u> | <u>97,498</u> |
| Current assets | | | |
| Debtors | 14 | 10,118,478 | 7,284,914 |
| Cash at bank and in hand | 15 | 6,589,991 | 3,406,895 |
| | | <u>16,708,469</u> | <u>10,671,809</u> |
| Creditors: amounts falling due within one year | 16 | (14,957,009) | (9,595,685) |
| Net current assets | | <u>1,751,460</u> | <u>1,076,124</u> |
| Total assets less current liabilities | | <u>2,385,085</u> | <u>1,173,622</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 18 | (6,608) | (18,525) |
| | | <u>(6,608)</u> | <u>(18,525)</u> |
| Net assets | | <u>2,378,477</u> | <u>1,155,097</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,500 | 1,500 |
| Profit and loss account | | 2,376,977 | 1,153,597 |
| | | <u>2,378,477</u> | <u>1,155,097</u> |

RED CONSTRUCTION GROUP LIMITED
REGISTERED NUMBER: 09802945

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G J Sturge
Director

Date: 22/12/22

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

| | Called up share capital £ | Profit and loss account £ | Equity attributable to owners of parent Company £ | Non- controlling Interests £ | Total equity £ |
|--|---------------------------------|---------------------------------|--|---------------------------------------|-------------------|
| At 1 April 2021 | 1,500 | 1,153,597 | 1,155,097 | - | 1,155,097 |
| Comprehensive Income for the year | | | | | |
| Profit for the year | - | 1,467,606 | 1,467,606 | (4,516) | 1,463,090 |
| Total comprehensive income for the year | - | 1,467,606 | 1,467,606 | (4,516) | 1,463,090 |
| Dividends: Equity capital | - | (251,000) | (251,000) | - | (251,000) |
| Total transactions with owners | - | (251,000) | (251,000) | - | (251,000) |
| At 31 March 2022 | 1,500 | 2,370,203 | 2,371,703 | (4,516) | 2,367,187 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

| | Called up share capital £ | Profit and loss account £ | Equity attributable to owners of parent Company £ | Total equity £ |
|--|---------------------------------|---------------------------------|--|-------------------|
| At 1 April 2020 | 1,500 | 667,710 | 669,210 | 669,210 |
| Comprehensive Income for the year | | | | |
| Profit for the year | - | 685,882 | 685,882 | 685,882 |
| Total comprehensive income for the year | - | 685,882 | 685,882 | 685,882 |
| Dividends: Equity capital | - | (199,995) | (199,995) | (199,995) |
| Total transactions with owners | - | (199,995) | (199,995) | (199,995) |
| At 31 March 2021 | 1,500 | 1,153,597 | 1,155,097 | 1,155,097 |

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 April 2021 | 1,500 | 1,153,597 | 1,155,097 |
| Comprehensive Income for the year | | | |
| Profit for the year | - | 1,474,380 | 1,474,380 |
| Total comprehensive Income for the year | - | 1,474,380 | 1,474,380 |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (251,000) | (251,000) |
| Total transactions with owners | - | (251,000) | (251,000) |
| At 31 March 2022 | 1,500 | 2,376,977 | 2,378,477 |

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

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 April 2020 | 1,500 | 667,710 | 669,210 |
| Comprehensive Income for the year | | | |
| Profit for the year | - | 685,882 | 685,882 |
| Total comprehensive Income for the year | - | 685,882 | 685,882 |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (199,995) | (199,995) |
| Total transactions with owners | - | (199,995) | (199,995) |
| At 31 March 2021 | 1,500 | 1,153,597 | 1,155,097 |

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 1,483,090 | 685,882 |
| Adjustments for: | | |
| Depreciation of tangible assets | 168,346 | 32,932 |
| Interest received | (783) | (173) |
| Taxation charge | (2,188) | (109,190) |
| (Increase) in debtors | (2,863,035) | (5,278,938) |
| Increase in creditors | 5,769,140 | 6,965,846 |
| Corporation tax (paid)/received | (7,305) | 115,454 |
| Net cash generated from operating activities | 4,527,267 | 2,411,813 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (739,586) | (65,898) |
| Interest received | 783 | 173 |
| Net cash from investing activities | (738,803) | (65,725) |
| Cash flows from financing activities | | |
| Dividends paid | (251,000) | (199,995) |
| Net cash used in financing activities | (251,000) | (199,995) |
| Net increase in cash and cash equivalents | 3,537,464 | 2,146,093 |
| Cash and cash equivalents at beginning of year | 3,406,895 | 1,260,802 |
| Cash and cash equivalents at the end of year | 6,944,359 | 3,406,895 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 6,944,359 | 3,406,895 |
| | 6,944,359 | 3,406,895 |

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

| | At 1 April 2021 £ | Cash flows £ | At 31 March 2022 £ |
|--------------------------|----------------------------------|-------------------------|-----------------------------------|
| Cash at bank and in hand | 3,406,895 | 3,537,464 | 6,944,359 |
| Debt due within 1 year | - | - | - |
| | <u>3,406,895</u> | <u>3,537,464</u> | <u>6,944,359</u> |

The notes on pages 19 to 34 form part of these financial statements.

RED CONSTRUCTION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

RED Construction Group Limited (the "Company") is a private company limited by shares, incorporated in England and Wales. The registered Company number is 09802945. The registered office is The Estate Office, Oakley House, Oakley, Bedfordshire, MK43 7ST.

The monetary amounts in the financial statements are presented in Pounds Sterling (£), as this is the primary economic environment of the Company. Monetary amounts are presented rounded to the nearest Pound.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Directors have considered the budgets and cash flow forecasts for the Company and believe the Company will be able to meet its liabilities as they fall due and so the financial statements have been prepared on a going concern basis.

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

RED CONSTRUCTION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

| | |
|------------------------|------------------------------|
| Leasehold improvements | - Over the life of the lease |
| Motor vehicles | - 25% on reducing balance |
| Office equipment | - 33% on cost |
| Mobile caravan | - 25% on reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.9 Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

2.10 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Short and long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Trade debtors includes the projects certified value at the year end. This includes both invoiced amounts and uninvoiced amounts in the form of retentions receivable on work certified to date. Payments on accounts, included in creditors, represents where amounts received and receivable for a project exceeds the project's value at the year end.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

RED CONSTRUCTION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.16 Change in presentation of comparative figures

The directors have amended the presentation of the comparative figures within note 14 to the financial statements to better align with industry practice and to be consistent with presentation in the 2022 figures.

This amendment is in respect of the recognition of amounts recoverable on contracts such that all amounts receivable for work performed to certifications in the year on construction contracts, including retentions are included in trade debtors. This has resulted in a change in presentation of the comparative figures in note 14 moving £2,521,561 from amounts recoverable on contracts to trade debtors. There is no impact on the net assets of the company or the profit reported in either period as a result of this change.

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

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ, however, a conservative position is taken in all such estimates and judgements. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised.

Critical judgments in applying the Company's accounting policies

The critical judgments that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Revenue recognition on long term contracts

Determining the value of turnover to recognise prior to completion of a long term contract requires an estimation of the percentage of the contract that has been completed at the reporting date.

Profit recognition on long term contracts

The amount of profit or loss recognised is based upon the forecast outcome of the contract. Whilst every effort is made to ensure profit is only recognised when the outcome of the contract is reasonably certain, there remains a risk that the outcome is less favourable than originally anticipated.

Accruals and provisions

The board makes judgements regarding whether it is appropriate to accrue or provide for various liabilities, as well as estimating the sums it is appropriate to provide or accrue.

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

| | 2022 £ | 2021 £ |
|----------------|------------|------------|
| United Kingdom | 64,727,941 | 24,579,848 |

5. Operating profit

The operating profit is stated after charging:

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets | 168,346 | 32,932 |
| Exchange differences | - | 13,554 |
| Other operating lease rentals | 100,720 | 50,060 |

6. Auditors' remuneration

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 43,000 | 25,500 |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| All other services | 8,028 | 4,440 |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Employees

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

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 6,820,517 | 3,352,843 | 6,540,161 | 3,352,843 |
| Social security costs | 222,497 | 87,768 | 208,150 | 87,768 |
| Cost of defined contribution scheme | 201,908 | 81,977 | 187,793 | 81,977 |
| | <u>7,244,922</u> | <u>3,522,588</u> | <u>6,936,104</u> | <u>3,522,588</u> |

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

| | Group 2022 No. | Group 2021 No. | Company 2022 No. | Company 2021 No. |
|-----------|----------------------|----------------------|------------------------|------------------------|
| Employees | <u>99</u> | <u>41</u> | <u>94</u> | <u>41</u> |

8. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Directors' emoluments | 416,812 | 326,149 |
| Group contributions to defined contribution pension schemes | 33,125 | 124,188 |
| | <u>449,937</u> | <u>450,337</u> |

The highest paid director received remuneration of £145,250 (2021 - £113,666).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,500 (2021 - £34,688).

Management consider the directors to be key management personnel of the business.

9. Interest receivable

| | 2022 £ | 2021 £ |
|--------------------------|------------|------------|
| Bank interest receivable | <u>783</u> | <u>173</u> |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Taxation

| | 2022 | 2021 |
|--|----------------|------------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | 483 | - |
| | <u>483</u> | <u>-</u> |
| Total current tax | <u>483</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (2,669) | (109,190) |
| Total deferred tax | <u>(2,669)</u> | <u>(109,190)</u> |
| Taxation on loss on ordinary activities | <u>(2,186)</u> | <u>(109,190)</u> |
| Factors affecting tax charge for the year | | |

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 | 2021 |
|--|----------------|------------------|
| | £ | £ |
| Profit on ordinary activities before tax | 1,460,904 | 576,692 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 277,572 | 109,571 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 13,154 | 16,140 |
| Changes in deferred tax rate | (24,486) | - |
| Deferred tax not recognised | (269,008) | (234,901) |
| Changes in tax rates | 582 | - |
| Total tax charge for the year | <u>(2,186)</u> | <u>(109,190)</u> |

Factors that may affect future tax charges

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Taxation (continued)

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

11. Dividends

| | 2022 £ | 2021 £ |
|----------------|-----------|-----------|
| Dividends paid | 251,000 | 199,995 |

12. Tangible fixed assets

Group

| | Leasehold improvements £ | Motor vehicles £ | Office equipment £ | Mobile caravan £ | Total £ |
|--------------------------|--------------------------------|------------------------|--------------------------|------------------------|------------|
| Cost or valuation | | | | | |
| At 1 April 2021 | - | 93,865 | 48,466 | 24,000 | 166,331 |
| Additions | 409,814 | 294,136 | 35,637 | - | 739,587 |
| At 31 March 2022 | 409,814 | 388,001 | 84,103 | 24,000 | 905,918 |
| Depreciation | | | | | |
| At 1 April 2021 | - | 45,466 | 19,027 | 4,340 | 68,833 |
| Charge for the year | 83,029 | 60,642 | 19,760 | 4,915 | 168,346 |
| At 31 March 2022 | 83,029 | 106,108 | 38,787 | 9,255 | 237,179 |
| Net book value | | | | | |
| At 31 March 2022 | 326,785 | 281,893 | 45,316 | 14,745 | 668,739 |
| At 31 March 2021 | - | 48,399 | 29,439 | 19,660 | 97,498 |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Tangible fixed assets (continued)

Company

| | Long-term leasehold property £ | Motor vehicles £ | Office equipment £ | Mobile caravan £ | Total £ |
|--------------------------|---|------------------------|--------------------------|------------------------|------------|
| Cost or valuation | | | | | |
| At 1 April 2021 | - | 93,865 | 48,466 | 24,000 | 166,331 |
| Additions | 370,270 | 294,136 | 34,818 | - | 699,224 |
| At 31 March 2022 | 370,270 | 388,001 | 83,284 | 24,000 | 865,555 |
| Depreciation | | | | | |
| At 1 April 2021 | - | 45,466 | 19,027 | 4,340 | 68,833 |
| Charge for the year | 77,960 | 60,642 | 19,760 | 4,915 | 163,277 |
| At 31 March 2022 | 77,960 | 106,108 | 38,787 | 9,255 | 232,110 |
| Net book value | | | | | |
| At 31 March 2022 | 292,310 | 281,893 | 44,497 | 14,745 | 633,445 |
| At 31 March 2021 | - | 48,399 | 29,439 | 19,660 | 97,498 |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Fixed asset investments

Company

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| Additions | 180 |
| At 31 March 2022 | <u>180</u> |

Subsidiary undertaking

The following is a subsidiary undertaking of the company:

| Name | Registered office | Class of shares | Holding |
|-------------------------------------|---|--------------------|---------|
| RED Construction South West Limited | Oakley House, The Drive, Church Lane, Oakley, Bedford, England, MK43 7ST | Ordinary | 60% |

The aggregate of the share capital and reserves as at 31 March 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|-------------------------------------|--|---------------|
| RED Construction South West Limited | (10,991) | (11,291) |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Debtors

| | Group 2022 £ | Group As restated 2021 £ | Company 2022 £ | Company As restated 2021 £ |
|--|--------------------|-----------------------------------|----------------------|-------------------------------------|
| Trade debtors | 6,782,004 | 4,135,059 | 6,709,686 | 4,135,059 |
| Amounts recoverable on long-term contracts | 2,794,928 | 2,913,598 | 2,794,928 | 2,913,598 |
| Amounts owed by group undertakings | - | - | 68,515 | - |
| Other debtors | 37,171 | 23,341 | 37,170 | 23,341 |
| Prepayments and accrued income | 405,213 | 77,462 | 399,547 | 77,462 |
| Deferred taxation | 108,632 | 115,454 | 108,632 | 115,454 |
| | <u>10,127,948</u> | <u>7,264,914</u> | <u>10,118,478</u> | <u>7,264,914</u> |

Group and Company trade debtors as at 31 March 2022 include client retentions totalling £1,120,000 (2021: £Nil) which are receivable after a period greater than one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>6,944,359</u> | <u>3,406,895</u> | <u>6,589,991</u> | <u>3,406,895</u> |

16. Creditors: Amounts falling due within one year

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 4,487,165 | 4,298,141 | 4,291,912 | 4,298,141 |
| Corporation tax | 483 | - | - | - |
| Other taxation and social security | 1,834,777 | 498,728 | 1,748,432 | 498,728 |
| Other creditors | 227,170 | 15,155 | 212,157 | 15,155 |
| Accruals and deferred income | 8,815,230 | 4,783,661 | 8,704,508 | 4,783,661 |
| | <u>15,364,825</u> | <u>9,595,685</u> | <u>14,957,009</u> | <u>9,595,685</u> |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. Financial Instruments

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 6,944,359 | 3,406,895 | 6,589,991 | 3,406,895 |
| Financial assets that are debt instruments measured at amortised cost | 10,019,316 | 7,149,460 | 10,009,846 | 7,149,460 |
| | <u>16,963,675</u> | <u>10,556,355</u> | <u>16,599,837</u> | <u>10,556,355</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (11,449,078) | (7,280,094) | (11,128,089) | (7,280,094) |

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors, accrued income and amounts recoverable on long-term contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Deferred taxation

Group

**2022
£**

| | |
|---------------------------|---------------|
| At beginning of year | 96,929 |
| Charged to profit or loss | 2,669 |
| At end of year | 99,598 |

Company

**2022
£**

| | |
|---------------------------|----------------|
| At beginning of year | 96,929 |
| Charged to profit or loss | 5,095 |
| At end of year | 102,024 |

The deferred tax balance is made up as follows:

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Accelerated capital allowances | (9,034) | (18,525) | (6,608) | (18,525) |
| Tax losses carried forward | 108,632 | 115,454 | 108,632 | 115,454 |
| | 99,598 | 96,929 | 102,024 | 96,929 |
| Comprising: | | | | |
| Asset - due within one year | 108,632 | 115,454 | 108,632 | 115,454 |
| Liability | (9,034) | (18,525) | (6,608) | (18,525) |
| | 99,598 | 96,929 | 102,024 | 96,929 |

RED CONSTRUCTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Share capital

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1,500 (2021 - 1,500) Ordinary shares of £1.00 each | 1,500 | 1,500 |

Each Ordinary share carries voting rights but no right to fixed income.

20. Reserves

Profit and loss account

The Profit and loss accounts represents the cumulative profits and losses of the Company, less the payment of dividends.

21. Pension commitments

The Group operates a defined contribution 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 Group to the fund and amounted to £201,908 (2021 - £81,977). Contributions totalling £46,340 (2021 - £NIL).

22. Commitments under operating leases

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Buildings | | | | |
| Not later than 1 year | 61,058 | 55,733 | 56,100 | 55,733 |
| Later than 1 year and not later than 5 years | 74,800 | 130,900 | 74,800 | 130,900 |
| | <u>135,858</u> | <u>186,633</u> | <u>130,900</u> | <u>186,633</u> |
| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
| Photocopiers | | | | |
| Not later than 1 year | 221 | 1,665 | 221 | 1,665 |
| Later than 1 year and not later than 5 years | - | 221 | - | 221 |
| | <u>221</u> | <u>1,886</u> | <u>221</u> | <u>1,886</u> |

RED CONSTRUCTION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Related party transactions

Simon Lousada, who is a director of the group, is also a director of Lousada plc. At the year end, the Company was owed a loan balance of £1,000 (2021 - £540) from Lousada plc. This balance is included within Trade Debtors in Note 15. The highest amount owed to Lousada plc during the year was £3m (2021 - £3m). There is no interest accruing in respect of this loan.

At the year end the group owed £637 to RED Construction South West Limited and was owed a loan balance of £68,515. The highest amount owed during the year was £71,547. There is no interest accruing in respect of this loan.

At the year end the group owed £3,507 (2021 - £8,093) to Graham Sturge. The highest amount owed during the year was £82,656 (2021 - £8,093).

At the year end the group owed £12,725 (2021 - £7,062) to Ian Hopkinson. The highest amount owed during the year was £73,438 (2021 - £8,197).

At the year end the group owed £62,917 (2021 - £NIL) to Simon Lousada. The highest amount owed during the year was £62,917 (2021 - £10,328).

At the year end the group owed £2,740 (2021 - £NIL) to Jon Hayes. The highest amount owed during the year was £20,017 (2021 - £NIL).

Total Director loans outstanding at year end equate to £81,889 (2021 - £15,155) and are included within Other Creditors in Note 17.

There is no interest accruing in respect of any of these director loans (2021 - no interest).

During the year the group made sales to Lousada plc of £863, the balance owed at the year end is £Nil.

During the year the group made sales to Dylon 2 Limited of £5,888, the balance owed at the year end is £Nil.

During the year the group made sales to Fired Earth Limited of £5,888, the balance owed at the year end is £Nil.

During the year the group made purchases from Form (Midlands) Ltd of £28,628, the owed at the year end is £Nil.

During the year, the company made sales of £32,239 to Zeal Hotels (Exeter) Ltd which is a related party with G Sturge being a common director.

24. Controlling party

There is no ultimate controlling party.