

Company Registration No. SC202571 (Scotland)

**ADVANCE CONSTRUCTION GROUP
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

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ADVANCE CONSTRUCTION GROUP LIMITED

COMPANY INFORMATION

Directors	D T Shields J Shields T Dignall
Secretary	D T Shields
Company number	SC202571
Registered office	Caldergrove House 4 Linnet Way Strathclyde Business Park Bellshill Lanarkshire United Kingdom ML4 3RA
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

ADVANCE CONSTRUCTION GROUP LIMITED

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ADVANCE CONSTRUCTION GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The turnover for the group has increased from £263m to £298m in the year.

The worldwide position on the availability of supply and resources has put significant pressures on the costs for the group as a whole, however these have been carefully managed with both our suppliers and customers. The Gross profit for the year was £52.9m (2022 - £45.3m) and the Net profit was £19.7m (2022 - £14.0m) representing good trading results in challenging market conditions.

The net asset position at the year end had increased to £99.7m (2022 - £85m).

The business continues to benefit from the scale of its operations and in particular its ability to reduce the movement of materials to landfill sites which is a key target of the business. The Group has also continued to expand its trading activities into land procurement and promotes their development through the local planning process for new housing / commercial use.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Covid 19 and Supply issues: Trading conditions continued to be affected by the Covid Pandemic, along with other factors, through scarcity in supply of certain materials and equipment. These supply issues are causing significant price increases which the business continues to monitor, manage and negotiate with both its customers and suppliers.

Contract risk: the group conducts a significant element of its business under customer contracts. The key to the management of contract risk is robust tendering procedures supported by effective operational management.

Health and safety: health and safety risks are continually assessed by management and we constantly look to ensure that we provide a safe working environment for all.

Commercial relationships: the group maintains strong relationships with its key customers and has long established credit control procedures in place. Appropriate credit terms are agreed with all customers and these are closely managed. The business also maintains a Credit Insurance Policy covering customer credit lines in the event of a default.

The effect of legislation and other regulatory changes: the group monitors forthcoming and current legislation to ensure it adheres to regulatory requirements.

Funding risks: the group manages its finances such that it is largely self-funding, although capital investments are part funded through Bank Loans and Finance Lease arrangements.

Future developments

The group continues to focus on its core business of Groundworks and Civil Engineering and is achieving a steady stream of new contract awards. It has expanded its services to include Haulage and Utilities which improves the Contract Offering. The group has considerable financial resources and can react quickly to both changing market conditions and also business opportunities.

Since the year end the group has continued to be successful in winning significant levels of new work. The global market continues to have an impact on the business with scarcity in supply of certain products and materials along with significant price increases being felt across the industry. The directors continue to monitor and manage these market conditions to ensure the group remains proactive to change.

ADVANCE CONSTRUCTION GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

Key financial indicators include the monitoring of the management of profitability and working capital. The key performance indicators are turnover, Gross Profit Margin and Net Profit Margin.

	2023	2022
Turnover	£297,872,523	£263,234,807
Gross Profit Margin	17.77%	17.23%
Net Profit Margin	6.6%	5.33%

Health and Safety remains highly important and our performance in this area is continually monitored and the construction sites are audited for health and safety compliance.

In addition, the directors review other non-financial key performance indicators including plant utilisation rates.

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

a. The likely consequences of any decision in the long term

When considering any key business decisions, the directors balance both short and long-term decisions to ensure strategies are carefully balanced. Within the last year the company has further invested in its training division opening up to provide external training to the wider industry. The group also continues to invest in and review its use of sustainable and lower emission energy solutions.

b. The interests of the group's employees

The group values all stakeholders and understands the importance of investing in people to ensure the highest quality is delivered to external parties. In the year the company supported staff through the Coronavirus pandemic and continued to offer training opportunities focused on improvement in the workforce.

c. The need to foster the group's business relationships with suppliers, customers and others

The group maintains key relationships with our client groups understanding their key requirements and aiming to exceed expectations. The directors have a "hands on approach" to ensure relationships are maintained to a high level with all stakeholders.

d. The impact of the group's operations on the community and environment

The group and the directors have a focus on how projects and the group impact both communities and the environment. The group continues to look at further ways we can reduce our carbon footprint and have completed energy audits to enable key decisions on how to help this aim. The group has increased its investment in its electric vehicle fleet along with moving to alternative greener fuels where available.

e. The desirability of the group maintaining a reputation for high standards of business conduct

The group promotes a customer focus and aims for continuous improvement to deliver a high-quality service, this is continually monitored through our ISO 9001 certification. The bidding and tendering process for the types of contracts in which the company specialises is rigorous and wide ranging. It is therefore essential the highest standards of business conduct are maintained to continue to win further contracts.

f. The need to act fairly as between members of the group

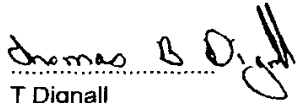
The directors carefully consider all decisions to ensure that they achieve a fair balance between the Group and its members.

ADVANCE CONSTRUCTION GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board



T Dignall
Director

Date: 22/12/2023

ADVANCE CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company and group continued to be that of groundworks and civil engineering services.

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £5,000,000. The directors do not recommend payment of a further dividend.

Directors

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

D T Shields

J Shields

T Dignall

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group has a strong tradition of looking after its employees and at all levels employees are encouraged to contribute ideas and suggestions, both formally and informally. Employees are kept informed of progress and developments through internal memos, emails and management briefings. We recognise that in order to operate in a socially sustainable manner, our actions and our policies must be focused on the long-term benefits to employees, suppliers, customers, communities and other stakeholders.

Investment in people

The group is committed to being an equal opportunity employer and developing the skills and talent of our workforce.

The group has achieved silver standards for Investors in Young People and annually sponsors a number of internal Graduate Trainees in Quantity Surveying, Civil Engineering and Finance.

The group has its own training centre in Livingston, which is accredited to SQA, CPSC, NPORS and site safety. The centre provides training to our site based employees, as well as the external market, including Health & Safety, Plant Operation and SVQs.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ADVANCE CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Energy and carbon report

The group recognises that we have a responsibility to the environment and endeavour to be as environmentally friendly as possible in our business activities.

We continue to monitor and review our energy usage and associated carbon dioxide emissions. We have undertaken mandatory assessments of our energy use in accordance with ESOS 2014 regulations.

Following this work, we are focussed on assessing the recommendations to drive further energy efficiency improvements across all sites.

The environmental impact of our policies

We recognise our responsibility to mitigate the impact of our operations on climate change.

The consumption and emissions data for the organisation has been collated and is summarised below:

	2023 kWh	2022 kWh
Energy consumption		
Aggregate of energy consumption in the year	20,777,194	52,916,097
	2023 metric tonnes	2022 metric tonnes
Emissions of CO2 equivalent		
Scope 1 - direct emissions		
- Gas combustion	19	17
- Fuel consumed for owned transport	5,016	13,090
	5,035	13,107
Scope 2 - indirect emissions		
- Electricity purchased	57	68
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	5.00	6.00
	5,097	13,181
Total gross emissions		
Intensity ratio		
Tonnes CO2e per annual turnover	0.00002	0.00005

ADVANCE CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Quantification and reporting methodology

The group have followed the 2019 HM Government Environmental Reporting Guidelines and have used the 2022 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary.

The electricity and gas data has been recorded over a 12-month period from April 2022 till March 2023. The data was collated directly from monthly invoices generated by suppliers. The reporting spreadsheet provides a breakdown off monthly and annual consumption for each meter in KWh.

There is no onsite generation such as solar PV, biomass.

Company transport data was provided by the group, data was generated over the course of the mentioned supply period. Transport has been outlined according to total litres consumed for each fuel used over the course of the reporting period, this is documented by the group.

On-site transport usage was provided as total litres used. A split of 37% mobile to 63% non-mobile usage has been used for the purpose of this report. This report covers mobile usage only. Kwh usage for biofuel has not been added to total energy consumption (kwh) but is included within gross emissions (tCO2e).

Intensity measurement

The chosen intensity measurement ratio is tCO2e/£ turnover.

Measures taken to improve energy efficiency

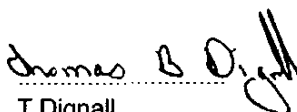
The group continue to monitor and review their energy usage and associated carbon dioxide emissions. The measures the business has taken to increase energy efficiency throughout the organisation include:

- Increasing electric/hybrid cars and vans fleet to staff members
- Installation of EV charge points at offices
- All company vehicles fleet and plant vehicles all run on HVO Green Fuel
- Support supply chain to pilot innovative equipment and machinery to reduce their carbon emissions
- Reduction in normalised waste production

Statement of disclosure to auditor

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

On behalf of the board



T Dignall
Director

Date: 22/12/2023

ADVANCE CONSTRUCTION GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCE CONSTRUCTION GROUP LIMITED

Opinion

We have audited the financial statements of Advance Construction Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 March 2023 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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.

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVANCE CONSTRUCTION GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 7, 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 group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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

Extent the audit was considered capable of detecting irregularities, including fraud

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 assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVANCE CONSTRUCTION GROUP LIMITED

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and the sector in which they operate, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax Act 2010
- Healthy & Safety Regulations

We gained an understanding of how the group and parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of external inspections, relevant correspondence with regulatory bodies and review of legal fees.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Performing audit work procedures over the risk of revenue recognition, including testing of the completeness and cut off of revenue and recoverability of amounts recoverable on contracts;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Discussion with management regarding the key laws and regulations which impact the group;
- Completion of appropriate checklists and use of our experience to assess the groups compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVANCE CONSTRUCTION GROUP LIMITED

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Allison Dalton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

22 December 2023
Date:

Statutory Auditor

227 West George Street
Glasgow
G2 2ND

ADVANCE CONSTRUCTION GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	297,872,523	263,234,807
Cost of sales		(244,934,726)	(217,882,902)
Gross profit		52,937,797	45,351,905
Administrative expenses		(29,261,116)	(27,335,206)
Other operating income		1,016,435	318,799
Operating profit	4	24,693,116	18,335,498
Interest receivable and similar income	8	492,207	29,851
Interest payable and similar expenses	9	(1,233,015)	(931,397)
Profit before taxation		23,952,308	17,433,952
Tax on profit	10	(4,255,139)	(3,414,026)
Profit for the financial year	27	19,697,169	14,019,926
Profit for the financial year is attributable to:			
- Owners of the parent company		19,537,715	13,858,496
- Non-controlling interests		159,454	161,430
		19,697,169	14,019,926
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		19,537,715	13,858,496
- Non-controlling interests		159,454	161,430
		19,697,169	14,019,926

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

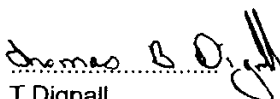
ADVANCE CONSTRUCTION GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13	33,391,482		26,943,198	
Investments	14		3		3
		<u>33,391,485</u>		<u>26,943,201</u>	
Current assets					
Stocks	17	17,171,296	8,392,581		
Debtors falling due after more than one year	18	11,437,598	10,206,363		
Debtors falling due within one year	18	25,562,323	39,986,270		
Cash at bank and in hand		103,100,747	81,063,085		
		<u>157,271,964</u>	<u>139,648,299</u>		
Creditors: amounts falling due within one year	19	(72,240,524)	(61,805,460)		
Net current assets		<u>85,031,440</u>		<u>77,842,839</u>	
Total assets less current liabilities		<u>118,422,925</u>		<u>104,786,040</u>	
Creditors: amounts falling due after more than one year	20	(11,818,643)		(17,560,804)	
Provisions for liabilities					
Provisions	23	2,500,000	-		
Deferred tax liability	24	4,390,178	2,208,301		
		<u>(6,890,178)</u>	<u>(2,208,301)</u>		
Net assets		<u>99,714,104</u>		<u>85,016,935</u>	
Capital and reserves					
Called up share capital	26	1,000		1,000	
Profit and loss reserves	27	99,380,254		84,842,539	
Equity attributable to owners of the parent company		<u>99,381,254</u>		<u>84,843,539</u>	
Non-controlling interests		<u>332,850</u>		<u>173,396</u>	
		<u>99,714,104</u>		<u>85,016,935</u>	

The financial statements were approved by the board of directors and authorised for issue on ...22/12/2023..... and are signed on its behalf by:


T Dignall
Director

ADVANCE CONSTRUCTION GROUP LIMITED

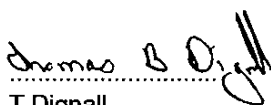
COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13	10,203,932		17,075,664	
Investments	14	205		205	
		<u>10,204,137</u>		<u>17,075,869</u>	
Current assets					
Debtors	18	12,436,630		970,987	
Cash at bank and in hand		55,629,038		44,324,271	
		<u>68,065,668</u>		<u>45,295,258</u>	
Creditors: amounts falling due within one year	19	(56,800,567)		(40,846,844)	
Net current assets		<u>11,265,101</u>		<u>4,448,414</u>	
Total assets less current liabilities		<u>21,469,238</u>		<u>21,524,283</u>	
Creditors: amounts falling due after more than one year	20	(1,514,108)		(4,307,395)	
Provisions for liabilities					
Deferred tax liability	24	956,396		1,353,912	
		<u>(956,396)</u>		<u>(1,353,912)</u>	
Net assets		<u>18,998,734</u>		<u>15,862,976</u>	
Capital and reserves					
Called up share capital	26	1,000		1,000	
Profit and loss reserves	27	18,997,734		15,861,976	
Total equity		<u>18,998,734</u>		<u>15,862,976</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £8,135,758 (2022 - £4,871,763 profit).

The financial statements were approved by the board of directors and authorised for issue on 22/12/2023 and are signed on its behalf by:


T Dignall
Director

Company Registration No. SC202571

ADVANCE CONSTRUCTION GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 April 2021		1,000	75,984,043	75,985,043	11,966	75,997,009
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	13,858,496	13,858,496	161,430	14,019,926
Dividends	11	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 31 March 2022		1,000	84,842,539	84,843,539	173,396	85,016,935
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	19,537,715	19,537,715	159,454	19,697,169
Dividends	11	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance at 31 March 2023		1,000	99,380,254	99,381,254	332,850	99,714,104

ADVANCE CONSTRUCTION GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2021		1,000	15,990,213	15,991,213
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	4,871,763	4,871,763
Dividends	11	-	(5,000,000)	(5,000,000)
Balance at 31 March 2022		1,000	15,861,976	15,862,976
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	8,135,758	8,135,758
Dividends	11	-	(5,000,000)	(5,000,000)
Balance at 31 March 2023		1,000	18,997,734	18,998,734

ADVANCE CONSTRUCTION GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	34	40,619,591		27,232,957	
Interest paid		(1,233,015)		(931,397)	
Income taxes paid		(5,191,027)		(2,925,902)	
Net cash inflow from operating activities		34,195,549		23,375,658	
Investing activities					
Purchase of tangible fixed assets		(2,633,493)		(2,138,104)	
Proceeds on disposal of tangible fixed assets		4,865,580		1,339,973	
Interest received		492,207		29,851	
Net cash generated from/(used in) investing activities		2,724,294		(768,280)	
Financing activities					
Repayment of borrowings		(5,508)		(5,049)	
Payment of finance leases obligations		(9,166,031)		(7,034,435)	
Dividends paid to equity shareholders		(5,000,000)		(5,000,000)	
Net cash used in financing activities		(14,171,539)		(12,039,484)	
Net increase in cash and cash equivalents		22,748,304		10,567,894	
Cash and cash equivalents at beginning of year		80,265,360		69,697,466	
Cash and cash equivalents at end of year		103,013,664		80,265,360	
Relating to:					
Cash at bank and in hand		103,100,747		81,063,085	
Bank overdrafts included in creditors payable within one year		(87,083)		(797,725)	

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Advance Construction Group Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Caldergrove House 4 Linnet Way, Strathclyde Business Park, Bellshill, Lanarkshire, ML4 3RA.

The group consists of Advance Construction Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The parent company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Advance Construction Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue on long term contracts for services is recognised according to the stage of completion on the contract by reference to valuations agreed with customers.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

1.6 Tangible fixed assets

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

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

Freehold land	not depreciated
Leasehold buildings	over the term of the lease
Plant and equipment	10% straight line
Fixtures and fittings	10 - 33% straight line
Motor vehicles	25% straight line

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

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

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

1.9 Stocks

Stocks and land held for development are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.12 Financial instruments

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done after any provisions for contingencies and anticipated future losses on contracts, less amounts recovered as progress payments on account. Excess progress payments are included in creditors as payments on account.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised in the period in which the employee's services are received.

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

1.17 Retirement benefits

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

1.18 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.19 Government grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.20 Intermediate payment arrangements

Payments made to a service organisation and a remuneration trust are recognised in the statement of comprehensive income as the group does not have control of the right or other access to the future economic benefits that are expected to be received.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Turnover and margin recognition on construction contracts

The group's turnover recognition and margin recognition policies are central to how the group values the work it has carried out in each financial year. These policies require forecasts to be made of the stage of completion and expected outcomes of construction contracts, which require assessments and judgements to be made on the recovery of pre-contract costs, changes in work scope, contract programmes, defects and maintenance liabilities, changes in expected costs to complete and retentions receivable and payable. The group regularly reviews these estimates to ensure they reflect the latest known position. Details of turnover in relation to construction contracts is included in note 3.

Depreciation - useful life and residual value of tangible fixed assets

The depreciation of tangible fixed assets is a key area of estimation. The useful life and residual value of fixed assets is considered and a depreciation rate applied accordingly. Details of the depreciation policies applied can be found in the accounting policies section of the notes to the financial statements.

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Construction Income	294,025,886	259,068,238
Equipment hire	520,244	392,411
Haulage income	3,177,623	1,650,516
Other income	148,770	2,123,642
	<u>297,872,523</u>	<u>263,234,807</u>
	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	<u>297,872,523</u>	<u>263,234,807</u>
	2023 £	2022 £
Other significant revenue		
Interest income	492,207	-
Grants received	<u>516,524</u>	<u>318,799</u>

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

(Continued)

Other income in the comparative year includes income from the sale of land held as part of the group's land bank.

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(516,524)	(318,799)
Depreciation of owned tangible fixed assets	3,041,800	1,126,109
Depreciation of tangible fixed assets held under finance leases	3,435,998	4,661,419
Profit on disposal of tangible fixed assets	(900,495)	(351,789)
Operating lease charges	513,687	504,806

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	6,600
Audit of the financial statements of the company's subsidiaries	56,800	58,200
	64,300	64,800

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administration/management	250	206	2	2
Construction workers	220	201	-	-
Total	470	407	2	2

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	23,357,589	17,616,540	116,580	108,018
Social security costs	2,250,367	1,808,515	6,756	7,906
Pension costs	505,920	405,025	10,782	23,233
	<u>26,113,876</u>	<u>19,830,080</u>	<u>134,118</u>	<u>139,157</u>

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	146,057	133,971
Company pension contributions to defined contribution schemes	11,345	23,796
	<u>157,402</u>	<u>157,767</u>

As total directors' remuneration was less than £200,000, no disclosure is provided in relation to the highest paid director.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

Amounts paid to certain key management personnel, including certain directors, under a contract with a consultancy company are noted in further detail in note 31 of the financial statements.

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	<u>492,207</u>	<u>29,851</u>

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	408,826	197,714
Interest on finance leases and hire purchase contracts	806,871	556,228
Other interest	<u>17,318</u>	<u>177,455</u>
Total finance costs	<u>1,233,015</u>	<u>931,397</u>

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	2,025,672	1,460,805
Adjustments in respect of prior periods	47,545	(29,159)
Total current tax	<u>2,073,217</u>	<u>1,431,646</u>
Deferred tax		
Origination and reversal of timing differences	2,176,668	1,875,475
Changes in tax rates	531	79,878
Adjustment in respect of prior periods	4,723	27,027
Total deferred tax	<u>2,181,922</u>	<u>1,982,380</u>
Total tax charge	<u>4,255,139</u>	<u>3,414,026</u>

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

	2023 £	2022 £
Profit before taxation	<u>23,952,308</u>	<u>17,433,952</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	4,550,939	3,312,451
Tax effect of expenses that are not deductible in determining taxable profit	115,974	70,266
Tax effect of income not taxable in determining taxable profit	(91,004)	33,033
Adjustments in respect of prior years	45,172	(29,159)
Fixed asset differences	(893,595)	(529,584)
Effect of change in tax rates on deferred tax	522,399	529,992
Adjustment in respect of prior years - deferred tax	5,254	27,027
Taxation charge	<u>4,255,139</u>	<u>3,414,026</u>

A change in the future UK Corporation tax rate to 25% with effect from 1 April 2023 was announced in the March 2021 budget, and subsequently enacted on 24 May 2021. This will increase the group's future tax charge accordingly. Deferred tax expected to unwind after 1 April 2023 has therefore been calculated at 25% as opposed to the current tax rate of 19%.

11 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Final paid	<u>5,000,000</u>	<u>5,000,000</u>

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

12 Intangible fixed assets

Group and company	Goodwill £
Cost	
At 1 April 2022 and 31 March 2023	125,650
Amortisation and impairment	
At 1 April 2022 and 31 March 2023	125,650
Carrying amount	
At 31 March 2023	-
At 31 March 2022	-

13 Tangible fixed assets

Group	Freehold land £	Leasehold buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 April 2022	1,610,039	1,009,017	34,614,758	370,700	9,663,670	47,267,655
Additions	207,708	51,528	12,667,106	45,000	3,919,825	16,891,167
Disposals	-	-	(8,286,107)	(40,264)	(2,844,975)	(11,171,346)
At 31 March 2023	1,817,747	1,060,545	38,995,757	375,436	10,738,520	52,987,476
Depreciation and impairment						
At 1 April 2022	-	348,483	13,982,222	292,172	5,702,109	20,324,457
Depreciation charged in the year	-	105,204	4,230,403	37,339	2,104,852	6,477,798
Eliminated in respect of disposals	-	-	(4,550,766)	(39,822)	(2,615,674)	(7,206,262)
At 31 March 2023	-	453,687	13,661,859	289,689	5,191,287	19,595,993
Carrying amount						
At 31 March 2023	1,817,747	606,858	25,333,898	85,747	5,547,233	33,391,483
At 31 March 2022	1,610,039	660,534	20,632,536	78,528	3,961,561	26,943,198

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

(Continued)

Company	Leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2022	124,987	28,565,286	4,267,478	32,957,751
Additions	-	-	141,000	141,000
Disposals	-	(7,513,004)	(1,305,072)	(8,818,076)
Transfers	-	242,495	104,038	346,533
At 31 March 2023	124,987	21,294,777	3,207,444	24,627,208
Depreciation and impairment				
At 1 April 2022	100,980	12,918,009	2,863,098	15,882,087
Depreciation charged in the year	15,264	2,983,089	741,119	3,739,472
Eliminated in respect of disposals	-	(4,194,954)	(1,248,473)	(5,443,427)
Transfers	-	163,032	82,112	245,144
At 31 March 2023	116,244	11,869,176	2,437,856	14,423,276
Carrying amount				
At 31 March 2023	8,743	9,425,601	769,588	10,203,932
At 31 March 2022	24,007	15,647,277	1,404,380	17,075,664

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2022 £	Company 2023 £	2022 £
Plant and equipment	24,132,949	19,132,842	7,895,992	14,209,779
Motor vehicles	5,135,251	3,779,844	652,656	1,359,246
	29,268,200	22,912,686	8,548,648	15,569,025

Group freehold land and buildings include land of £1,852,747 (2022 - £1,610,039) which is not depreciated.

Transfer of assets between group companies are recorded by transferring across both the historic cost and depreciation. Depreciation is then charged at the appropriate rate on the original cost to the group.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	205	205
Investments in joint ventures	16	3	3	-	-
		<u>3</u>	<u>3</u>	<u>205</u>	<u>205</u>

Movements in fixed asset investments Group

Cost or valuation

At 1 April 2022 and 31 March 2023

Shares in joint
ventures
£

3

Carrying amount

At 31 March 2023

3

At 31 March 2022

3

Movements in fixed asset investments Company

Cost or valuation

At 1 April 2022 and 31 March 2023

Shares in
subsidiaries
£

205

Carrying amount

At 31 March 2023

205

At 31 March 2022

205

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Advance Construction (Scotland) Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Groundworks and civil engineering	Ordinary	100.00	-
JMS Plant Hire Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Equipment hire	Ordinary	100.00	-
Advance Utilities (Scotland) Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Groundworks and civil engineering	Ordinary	52.00	-
Advance Training (Scotland) Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Provision of construction training	Ordinary	100.00	-
Advance Quarries Ltd	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Development of land	Ordinary	100.00	-
Montgomery Property Developments Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Development of land	Ordinary	-	100.00
Advance Vehicle Rental Scotland Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Dormant	Ordinary	100.00	-
AC Land Regeneration Limited	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Development of land	Ordinary	100.00	-

Advance Quarries Ltd (Registration number: SC409106), Montgomery Property Developments Limited (Registration number: SC271763) and AC Land Regeneration Limited (Registration number: SC705198) are exempt from the audit requirements of their individual accounts in relation to S479A of the Companies Act 2006 relating to subsidiary companies.

16 Joint ventures

Details of joint ventures at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held	
				Direct	Indirect
Advance Construction (GD) Ltd	Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA	Development of land	Ordinary	-	25.00

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	135,000	135,000	-	-
Land held for development	16,963,924	8,257,581	-	-
Finished goods and goods for resale	72,372	-	-	-
	<u>17,171,296</u>	<u>8,392,581</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	2,664,062	4,113,218	145,937	88,087
Gross amounts owed by contract customers	12,486,822	23,991,868	-	-
Corporation tax recoverable	91,001	-	-	-
Amounts owed by group undertakings	-	-	11,899,243	877,900
Amounts owed by undertakings in which the company has a participating interest	1,520,683	1,499,996	-	-
Other debtors	7,774,342	8,044,296	257,500	5,000
Prepayments and accrued income	1,025,413	2,336,892	133,950	-
	<u>25,562,323</u>	<u>39,986,270</u>	<u>12,436,630</u>	<u>970,987</u>

Amounts falling due after more than one year:

Trade debtors	10,057,519	8,826,284	-	-
Other debtors	1,380,079	1,380,079	-	-
	<u>11,437,598</u>	<u>10,206,363</u>	<u>-</u>	<u>-</u>

Total debtors	<u>36,999,921</u>	<u>50,192,633</u>	<u>12,436,630</u>	<u>970,987</u>
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ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

19 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	21	10,087,083	797,725	-	-
Obligations under finance leases	22	7,936,250	7,107,954	2,734,435	5,027,604
Other borrowings	21	5,508	5,508	-	-
Trade creditors		28,295,457	33,817,560	2,790	13,830
Amounts owed to group undertakings		-	-	51,875,476	34,941,862
Corporation tax payable		1,645,933	4,672,697	1,367,134	231,750
Other taxation and social security		2,927,618	401,070	202,095	14,367
Other creditors		6,032,417	6,616,406	600,000	600,000
Accruals		15,310,258	8,386,540	18,637	17,431
		<u>72,240,524</u>	<u>61,805,460</u>	<u>56,800,567</u>	<u>40,846,844</u>

Details of secured creditors are included in note 21 and 22.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	21	-	10,000,000	-	-
Obligations under finance leases	22	11,802,119	7,538,772	1,514,108	4,307,395
Other borrowings	21	16,524	22,032	-	-
		<u>11,818,643</u>	<u>17,560,804</u>	<u>1,514,108</u>	<u>4,307,395</u>

Details of secured creditors are included in note 21 and 22.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

21 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	10,000,000	10,000,000	-	-
Bank overdrafts	87,083	797,725	-	-
Other loans	22,032	27,540	-	-
	<u>10,109,115</u>	<u>10,825,265</u>	<u>-</u>	<u>-</u>
Payable within one year	10,092,591	803,233	-	-
Payable after one year	<u>16,524</u>	<u>10,022,032</u>	<u>-</u>	<u>-</u>

The revolving credit facility is secured by an unlimited guarantee and standard security granted by group undertakings. The interest rate applicable is 1.85% per annum over SONIA. The £10m revolving credit facility was repaid in August 2023.

The other loan is unsecured, interest free and is repayable over 71 equal monthly instalments.

22 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	8,845,761	7,614,643	2,955,950	5,434,376
In two to five years	13,198,186	8,199,681	1,651,845	4,664,994
	<u>22,043,947</u>	<u>15,814,324</u>	<u>4,607,795</u>	<u>10,099,370</u>
Less: future finance charges	<u>(2,305,578)</u>	<u>(1,167,598)</u>	<u>(359,252)</u>	<u>(764,371)</u>
	<u>19,738,369</u>	<u>14,646,726</u>	<u>4,248,543</u>	<u>9,334,999</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All finance lease obligations are secured against the assets to which they relate.

23 Provisions for liabilities

	Group 2023 £	2022 £	Company 2023 £	2022 £
Provisions	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

23 Provisions for liabilities

(Continued)

Movements on provisions:

Group	Provisions £
Additional provisions in the year	2,500,000

Provisions relates to amounts now expected to be incurred in relation to the historic WUT No1 Remuneration Trust.

24 Deferred taxation

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

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	5,400,732	2,208,301
Short term timing differences	(1,010,554)	-
	<u>4,390,178</u>	<u>2,208,301</u>
	Liabilities 2023 £	Liabilities 2022 £
Company		
Accelerated capital allowances	<u>956,396</u>	<u>1,353,912</u>
	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 April 2022	2,208,301	1,353,912
Charge/(credit) to profit or loss	2,181,877	(397,516)
Liability at 31 March 2023	<u>4,390,178</u>	<u>956,396</u>

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

25 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	505,920	405,025

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Ordinary shares carry full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the group.

27 Reserves

Profit and loss reserves

The profit and loss account represents the accumulated profits and losses of the group less distributions made to shareholders.

28 Financial commitments, guarantees and contingent liabilities

Under S.479C of the Companies Act 2006 Advance Construction Group Limited has provided a guarantee to AC Land Regeneration Limited, Montgomery Property Developments and Advance Quarries Ltd, which are exempt from the requirement of this act relating to the audit of individual accounts by virtue of S.479A.

29 Operating lease commitments

Lessee

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Within one year	297,274	307,337	-	-
Between two and five years	250,348	429,820	-	-
In over five years	200,000	262,500	-	-
	<u>747,622</u>	<u>999,657</u>	<u>-</u>	<u>-</u>

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements was £270,000 (2022 - £272,400).

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Acquisition of tangible fixed assets	-	515,200	-	-

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	1,001,735	888,411

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2023 £	2022 £	Purchases 2023 £	2022 £
Group				
Other related parties	1,030,595	1,041,850	3,182,672	5,556,967
Company				
Entities over which the company has control, joint control or significant influence	499,945	269,096	-	-

	Rental payments 2023 £	2022 £
Group		
Other related parties	266,000	230,000

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £	2022 £
Group		
Other related parties	677,842	600,000

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

31 Related party transactions (Continued)

Company		
Other related parties	600,000	600,000

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £	2023 Provision £	2023 Net £	2022 Balance £
Group				
Key management personnel	465,918	-	465,918	463,504
Other related parties	4,212,165	665,515	3,546,650	4,253,519
Company				
Other related parties	72,260	-	72,260	5,000

Other information

Other related parties consist of entities in which the directors of the group either has control, joint control or significant influence over.

Amounts due to and from other related parties are unsecured, interest free and repayable on demand.

During the year the group contracted with a consultancy company to provide services to the group. The amount paid during the year to 31 March 2023 amounted to £5,040,833 (2022 - £5,090,882). The consultancy company engaged with Cyprus based trusts to fulfil the contract. Certain key management personnel are beneficiaries of these trusts and settle their consultancy services there.

The group has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned subsidiaries within the group and its parent entity.

32 Directors' transactions

During the year the company paid expenses of £5,126,477 (2022 - £1,028,298) on behalf of J M Shields and D T Shields.

At the year end the balance due to J M Shields and D T Shields amounted to £1,082,253 (2022 - £863,460).

The balances due to the directors at the year end are unsecured, interest free and repayable on demand.

33 Controlling party

The ultimate controlling parties are J Shields and D Shields.

ADVANCE CONSTRUCTION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

34 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	19,697,169	14,019,926
Adjustments for:		
Taxation charged	4,255,139	3,414,026
Finance costs	1,233,015	931,397
Investment income	(492,207)	(29,851)
Gain on disposal of tangible fixed assets	(900,495)	(351,789)
Depreciation of tangible fixed assets	6,477,798	5,787,528
Increase in provisions	2,500,000	-
Movements in working capital:		
Increase in stocks	(8,778,715)	(136,094)
Decrease/(increase) in debtors	14,487,779	(6,255,897)
Increase in creditors	2,140,108	9,853,711
Cash generated from operations	40,619,591	27,232,957

35 Analysis of changes in net funds - group

	1 April 2022 £	Cash flows £	New finance leases £	31 March 2023 £
Cash at bank and in hand	81,063,085	22,037,662	-	103,100,747
Bank overdrafts	(797,725)	710,642	-	(87,083)
	80,265,360	22,748,304	-	103,013,664
Borrowings excluding overdrafts	(10,027,540)	5,508	-	(10,022,032)
Obligations under finance leases	(14,646,726)	8,734,578	(13,826,221)	(19,738,369)
	55,591,094	31,488,390	(13,826,221)	73,253,263