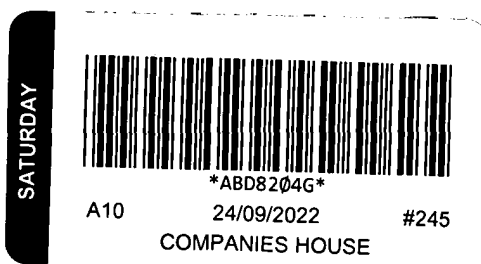


Registration number: 03360908

BARNWOOD GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



BARNWOOD GROUP LIMITED

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BARNWOOD GROUP LIMITED

COMPANY INFORMATION

Directors	S W Carey P F Evans M J Williams
Company secretary	M J Williams
Registered office	203 Barnwood Road Gloucester GL4 3HS
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group continued to be that of carrying out contract work (including joinery manufacture and shopfitting) for the building industry.

Fair review of the business

The Group had a satisfactory year in what emerged to be a challenging period for the industry. Supply shortages and inflationary pressures on key materials has emerged as our most significant risk across the business. We initially had difficulty mitigating these risks but now believe that we are in a good position to manage inflationary issues with our pipeline going forward.

Cashflow continues to be effectively managed across the business. Our healthy cash resources allowed us to maintain our payment performance to our supply chain.

results for the year show increased turnover of £102m (2020 £94m) and net profits before tax of £0.2m (2020 £0.8m).

In 2020, the business merged the trading divisions of Barnwood General Works Limited and Barnwood Shopfitting Limited into Barnwood Limited. We are pleased with our progress made integrating these businesses together, our customers, supply chain and employees have all reacted positively to the change.

In 2020, the Group became employee owned. The transition to employee ownership has been designed to support the long-term sustainability of the organisation and to secure the legacy of the founding directors. Becoming employee owned recognises all who dedicated their time and energy to support the business, contributing to the success it is today.

There are various advantages to being employees owned. By sharing responsibility, opportunities and rewards we will build on our already strong culture across the business and develop better outcomes for our customers and other stakeholders.

Three Trustees have been appointed to oversee the work of our Executive Board. These are as follows:

- Peter F Evans – Director
- Gemma Cox – HR Manager
- Nigel Tillott – Independent Advisor

An Employee Representative Group has been set up which takes in consideration views from across the business and are communicated back to the board through Gemma Cox. This group has spearheaded initiatives to ensure that the business remains agile, drives innovation and strives towards a more sustainable future. Alongside this they have also implemented several positive changes to our work with local communities and charities.

At the start of 2021, the board approved where we believe we can add the most value to the customer, with our wealth of expertise. We believe our collaborative, non contractual approach sets us apart from our competitors and we have proven to be successful in retaining customers once we have engaged with them.

At the start of 2021, the board approved an updated strategic plan for the next five years which established the financial, risk, brand and cultural criteria under which the group will operate. The plan reflects the group's strategy to simplify its structure which is designed to ensure that the group remains a thriving, resilient, innovative and respected contracting business.

The board has also considered and approved interim updates to its long-term strategic plan. These interim updates will look to monitor our effectiveness against the plan as well as react to changes in the market place and the macroeconomic environment. Briefing sessions will be held to ensure this is communicated effectively to our employees.

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

At the start of 2021, the board approved an updated strategic plan for the next five years which established the financial, risk, brand and cultural criteria under which the group will operate. The plan reflects the group's strategy to simplify its structure which is designed to ensure that the group remains a thriving, resilient, innovative and respected contracting business.

The board has also considered and approved interim updates to its long-term strategic plan. These interim updates will look to monitor our effectiveness against the plan as well as react to changes in the market place and the macroeconomic environment. Briefing sessions will be held to ensure this is communicated effectively to our employees.

The group believes that the main drivers for its success are as follows:

- Delivering projects to the highest standard and in a timely fashion
- Retain strong ethos across its employees and supply chain to ensure consistent delivery
- Maintain a healthy financial standing
- Uphold and develop a strong health and safety framework across the group
- Develop innovative/flexible solutions through our collaborative approach with clients

The group takes its relationships with its supply chain very seriously. We are proud of our payment performance and are always committed to pay subcontractors and suppliers on time, even when the credit terms of our clients exceed theirs.

Summary of performance indicators

- Turnover and the future order book
- Margins on projects across the group
- Maintaining high levels of staff retention
- Monitoring monthly movements in cash flows
- Ensuring that they achieve and maintain the highest standards of Health and Safety at all of their sites.

The group's key financial and other performance indicators during the year were as follows:

Turnover

Turnover has increased by 10% in the year. This is primarily due to the delay in some projects in 2020 caused by Covid-19, which came to fruition in 2021.

Gross Profit

The group's gross profit margin in the year was 7.6% (2020 10.0%). The Group's margins have been adversely affected due to the inflationary pressure on key materials and tradesman throughout the year. We anticipate margins remaining constrained in the short term due to inflation but we are confident that we have adapted our approach to mitigate these risks over the medium to long term.

Staff Retention

The group recognises that staff are their biggest asset. During the year the business has continued to invest in training and development through apprenticeships and collaborations with professional bodies. The high level of staff retention allows a consistent service to their clients to be maintained. With the implementation of the employee ownership trust we anticipate staff retention will continue to be strong in the future.

Cash flow

The cashflows of the business remains strong with no bank borrowings. The year end balances increased from £7.3m to £7.7m. The group takes its payment performance very seriously and are always committed to pay subcontractors and suppliers on time.

Health and safety

Our focus on Occupational Health and Safety for our employees, contractors and visitors remains our salient priority.

Open communication of Barnwood's positive safety culture is detailed at our bi-annual employee briefings, to the Employee Representative Group and monthly with the Board. Our aim is to ensure that everyone within the company is kept informed of our progress, which is centered around performance metrics, H&S bulletins and communicating key areas of development. The Trustees are also kept apprised of these matters on a periodic basis.

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Barnwood maintain and continually improve our ISO 45001 certification which is externally validated by UKAS accredited auditors. We also maintain our SSIP and PAS 91 certifications: Chas, Constructionline, Safecontractor, Achilles, Altius.

Our commitment to Health and Safety has been recognised by achieving our 7th consecutive ROSPA Gold medal Award for 2022.

Section 172 (1) Statement

The directors of the Company must act in accordance with the duties detailed in section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

Long term strategy and vision

On 31st December 2021, the Directors made the decision to hive across the trade, assets and liabilities of Barnwood Shopfitting Limited and Barnwood General Works Limited into Barnwood Limited.

Barnwood Limited operates as three distinct divisions namely "Construction", "Shopfitting & Interiors" and "General Works". Each division will collaborate to deliver a consistent service to our customers to our key sectors:

Industrial & Logistics
Retail
Finance
Commercial Offices
Education
Supermarkets
Hospitality
Leisure
Health & Care
Residential
Specialised areas

We believe that the integration of the businesses has helped improve efficiency and collaboration between the Group, with more still yet to come. Our customers and supply chain have responded well to the change and we now believe we have more visibility in the market, of what else we have to offer.

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Employees

The group strives to create a working environment where people enjoy working for the group, share in our successes and maintain high levels of productivity.

Our company ethos or the 'Barnwood Way' is the cornerstone of this:

- Trust - Our ethos of fairness, respect and openness as well as the honourable way of conducting our business creates trusting and confident relationships with our clients, subcontractors and suppliers.
- Support - We look after each and every one of our people with warmth, respect and courtesy, and continually invest in their personal development.
- Reputation - Our positive image and good name is a testament to the way we do business, lives our values and support our local communities.
- Quality - We strive for quality in everything that we do, earning us a high level of repeat business and making our work interesting and rewarding.
- Collaboration - By working transparently, willingly and collaboratively with our client, supply chain and employees, we building strong long term relationships and achieve best value for our stakeholders.
- Reliability - Providing a reliable and consistent service and always honouring our commitments mean our clients, supply chain and employees know that they can depend on us.

The group continues to invest in leadership, technical and safety training for staff where it has been identified to benefit the individual and the group. We are committed to developing our staff and by allowing people to grow within the business, we are more likely to retain them.

There are prevalent skill shortage issues within the construction industry. Barnwood continues to recruit school leavers via our apprenticeship programme and graduates who have shown a keen interest in construction. We are committed to do our part for the industry.

Over the last year we have enhanced our wellbeing checks on staff, focussing not only their physical health but their mental health as well. Barnwood are members of the construction industry Mates in Mind Scheme which has helped us reduce the stigma surrounding issues with mental health. The last 2 years has been especially challenging to our staff and we are committed to improving wellbeing across the Group.

The group recognises its responsibility relating to modern slavery and to ensure that no element is present within the group itself or its supply chain. A statement of modern slavery can be found within our company website.

Customers

The group recognises that engagement through listening, understanding and responding to customers is critical to our long-term success and our collaborative approach is the cornerstone of this.

The Directors engage with customers through regular meetings and dedicated account management. This is a key measure of the business' success and helps us capture 'lessons learned' which helps drive performance in the future. In the next 12 months we plan on implementing customer satisfaction questionnaires, which will help the group obtain quantitative and qualitative measures of success on a timelier basis.

The feedback from the customer engagement helps to inform the group on its long-term strategy, budgets and business plans. This often includes the way in which we communicate as a business, collaborate, structure our teams and maintain our continuous drive for outstanding quality.

Supply chain partners

The Group's success and reputation are inextricably linked to its relationship with its supply chain partners. As noted above the Barnwood Group is proud of its payment performance. This is fundamental as the company seeks to maintain and develop strong, open, collaborative and positive relationship across its supply chain. Our commitment to this has led us to join the Prompt Payment Code during 2020. We are proud to be part of this government initiative.

Engagement with supply chain partners takes many forms across the Group including but not limited to annual meetings, surveys and regular design team meetings. Our supply chain partners are considered an extension of the group's internal teams. As such the Directors will regularly attend annual meetings with key supply chain partners to ensure that the Group's overall strategy and vision is communicated effectively.

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Environment

It is widely known that the construction industry has a significant effect on the environment. At Barnwood we have implemented a management system to minimise these environmental effects both internally and externally.

We were delighted to have been awarded the EcoVadis gold medal in March 2021 for our efforts on social responsibility and sustainable procurement which sits alongside our ISO 14001 certification. To further improve standards across the business we have implemented and retained a number of policies to minimise waste in the group as follows:

- Use only FSC sourced wood in our joinery
- Installed solar panels on our building to power the plant and equipment housed in our joinery
- Implement measures to minimise and sort skip waste to increase element recycled
- Look to source local suppliers where possible to reduce CO2 impact
- Promoted the use of technology to host meetings
- Invested in plant, equipment and motor vehicles with lower CO2 emissions

We plan to further improve upon this in by accelerating our plan to digitise our processes across the business.

Community and social responsibility

The group is committed to support various local and national charities as well as assist and develop education projects that are aimed at developing the construction industry participation at school level. We also support charity and community work by our staff where possible.

Innovation

The group places great pride that we are problem solvers, and our ability to meet project challenges, however complex, is what differentiates us. Capable, resourceful and adaptable, we think things through, use our knowledge and experience, and find practical solutions no matter how tough the challenge is.

The group places great emphasis on constant improvement and we offer our employees the opportunity to engage with business improvement initiatives and issues affecting the wide construction industry.

Safety

Health & Safety considerations, as well as concern for the environment, apply to everything we do. All works are carried out in strict compliance with statutory provisions and we are accredited members of the Contractors Health & Safety Assessment Scheme (CHAS), Construction Line, Exor and Safe Contractor.

Shareholders

As the Board of Directors, our intention is to behave responsibly towards our employees via the Employee Ownership Trust and treat them fairly and equally so they too may benefit from the successful delivery of our plan. We report to the Trust on a bi-annual basis reporting the performance of the business against agreed budgets and forecasts.

Other stakeholders

Other major stakeholder groups include the group's insurers, bankers, surety providers, advisors, auditors, regulators and HMRC.

With all these stakeholder groups, the Directors maintain regular and open dialogue to ensure that all parties are kept informed and are listed to. The Directors believes this is essentially to building strong working relationships.

Principal risks and uncertainties

The directors have established business processes that seek to identify, mitigate and manage a variety of risks at all levels of the business.

The directors have reviewed the principle risks and uncertainties relating to the group as follows:

Project management risk

Effective project management is a key component in delivering an outstanding service to every client. Poor contract management can lead to both financial and reputational damage.

To achieve an effective service, support systems have been implemented to ensure that the management of contracts deliver a quality service that goes far beyond the project and the obligations under the contract.

Price risk

Price risk is minimised through maintaining a close working relationship with customers and by delivering high quality work. We have had to alter our approach in the face of inflationary pressures and as such we have sought to collaborate with our customers to equitably share this risk. This revised approach means that disputes are kept to a minimum and invoices are generally paid within the agreed terms.

Economic risk

The current weakness in the UK economy has reduced the confidence in both the public and private sectors, particularly those based in the retail sector. Our strategy is to maintain a broadly based client portfolio across a variety of difference sectors, locations and markets.

Approved by the Board on 22nd September 2022 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors of the company

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

S W Carey

P F Evans

P M Evans (resigned 20 August 2021)

M J Williams - Company secretary and director

Financial instruments

The group's financial instruments comprise cash and liquid resources, and various other items such as trade debtors, trade creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the group. The main risks arising from the group's financial instruments are set out below.

Credit risk

The group's principal financial assets are bank balances, cash, trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The group's policies are aimed at minimising such losses through satisfactory credit worthiness procedures. The amounts presented in the balance sheet are, where appropriate, net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group and constantly monitors the group's trading results to ensure that the group can meet its future obligations as they fall due.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on variable rate loans.

The group has limited exposure both to interest rate risk, as there is no third party funding within the group, and exchange rate risk, by virtue of the limited transactions in foreign currency.

Employment of 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 company 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's policy is to consult and discuss with employees, through meetings and discussing matters likely to affect employees' interest.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economics factors affecting the group's performance.

Matters covered in the strategic report

Information on the engagement with suppliers, customers and others and financial risk management is shown in the strategic report.

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The Group has a strong order book over the next twelve months from existing profitable work streams and frameworks.

Over the last three years the group has been focused on diversifying into new sectors within the Barnwood Shopfitting & Interiors division, this diversification along with being involved with several high-quality frameworks has allowed the business to be more resilient going forward.

Inflationary pressure on materials and our ability to source them is likely to constrain future pipeline and we are incredibly mindful of the potential downside risks in this area. These inflationary pressures are now being felt in the wider economy which is likely to result in depressed market conditions for the next 12 months.

The company's cash flow position remains healthy and this will protect the business from any further macro-economic issues in the market.

2021 Streamlined Energy and Carbon report

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019 and this is the first-time adoption of disclosures on energy and carbon.

The figures below represent the energy use and associated greenhouse gas (GHG) emissions of Barnwood Limited the subsidiary within the scope of the requirements, with Barnwood Group Limited itself exempt from the requirements for the year ended 31 December 2021.

Energy consumption used to calculate emissions

Gas Oil	2,099,528	kWh
Natural Gas	255,142	kWh
Electricity	268,238	kWh
Petrol	105,773	kWh
Diesel	809,538	kWh

Scope 1 emissions in metric tonnes CO₂e

	tCO ₂ e
Site Gas Oil	539
Lorry freight (owned)	173
Vehicle fuel usage	141
Company car travel	59
Site gas	47
Owned Vans	7
Site Diesel (retail)	2
Total Scope 1 emissions	968

Scope 2 emissions in metric tonnes CO₂e

	tCO ₂ e
Electricity generation	57
Total Scope 2 emissions	57

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Scope 3 emissions in metric tonnes CO₂e

	tCO ₂ e
Well To Tank	266
Cash opt out car travel	93
Electricity transmission & distribution	5
Rail travel	2
Flights	1
Total scope 3 emissions	367
Total gross emissions in metric tonnes CO₂e	1,392 tCO₂e

Intensity ratios

Tonnes of CO ₂ e per £M turnover	14 tCO ₂ e/£m turnover
Tonnes of CO ₂ e per employee	7 tCO ₂ e/employee

SECR Methodology Statement 2021

The SECR submission has been compiled using the Government Environmental Reporting Guidelines.

Emissions have been grouped according to the GHG Protocol Corporate Accounting and Reporting Standard.

The report data has been collated internally from supplier invoices and internal records with the assistance of a consultant. CO₂ emissions have been calculate using the UK Government Conversion factors for company reporting.

Energy Efficiency Actions

Barnwood maintain and continually improve our ISO 14001 certification which is externally validated by UKAS accredited auditors. We are also audited by Ecovadis where we have achieved Gold Medal for our Environmental, Labour & Human Rights, Ethics and Sustainable Procurement impacts.

As part of our Barnwood Environmental and Sustainably Targets (BEST) we have taken the following measures to reduce our environmental impact:

- PV Panels have been installed to our joinery workshop and head office
- LED lighting upgrades to the office have been completed
- Installed Electric charging points for visitors and employees
- Hybrid and electric car options for employees
- Lower emission company car options
- Cardboard bailing compactor purchased to recycle packaging cardboard
- Bike to work scheme - re-promoted
- Travelling to meetings has been considerably reduced by video conferencing.
- New HGVs replaced with more efficient engines
- Renewed our FSC COC certification

Further steps we will be taking in the forthcoming financial year include:

- Reducing the quantity of paint waste returning to our yard
- More efficient heaters to be installed in the joinery workshop

Going concern

After reviewing the group and company's forecasts and projections, the directors have a reasonable expectation that the group and company has adequate resources available to continue in operational existence for the foreseeable future. The group and company therefore continues to adopt the going concern basis in preparing its financial statements.

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods have expressed their willingness to continue in office.

Approved by the Board on 22nd September 2022 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 and company for that period. In preparing these financial statements, the directors are required to:

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

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

BARNWOOD GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNWOOD GROUP LIMITED

Opinion

We have audited the financial statements of Barnwood Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, 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 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 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 director's 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

BARNWOOD GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNWOOD GROUP LIMITED

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, 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 the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company financial statements or that had a fundamental effect on the operations of the group and parent company. We determined that the most significant laws and regulations included United Kingdom Generally Accepted Accounting Practice, UK Companies Act 2006 and taxation laws;
- We understood how the group and parent company is complying with those legal and regulatory frameworks by making enquiries of the management and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

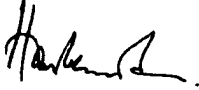
BARNWOOD GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNWOOD GROUP LIMITED

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

Use of our report

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



.....
Paul Fussell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 22/09/2022

BARNWOOD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Continuing operations 2021 £	Discontinued operations 2021 £	Total 2021 £	Continuing operations 2020 £	Discontinued operations 2020 £	Total 2020 £
Turnover	3	101,587,026	-	101,587,026	89,723,425	3,863,689	93,587,114
Cost of sales		<u>(93,786,254)</u>	-	<u>(93,786,254)</u>	<u>(81,035,000)</u>	<u>(3,185,407)</u>	<u>(84,220,407)</u>
Gross profit		7,800,772	-	7,800,772	8,688,425	678,282	9,366,707
Administrative expenses - normal		(7,615,661)	-	(7,615,661)	(7,706,550)	(787,059)	(8,493,609)
Administrative expenses - exceptional	7	-	-	-	(1,350,260)	250,000	(1,100,260)
Other operating income	4	<u>24,921</u>	-	<u>24,921</u>	<u>973,847</u>	-	<u>973,847</u>
Operating profit	6	<u>210,032</u>	-	<u>210,032</u>	<u>605,462</u>	<u>141,223</u>	<u>746,685</u>
Other interest receivable and similar income	8	1,863	-	1,863	39,052	-	39,052
Interest payable and similar charges		<u>(3,413)</u>	-	<u>(3,413)</u>	<u>(3,709)</u>	<u>(1,002)</u>	<u>(4,711)</u>
		<u>(1,550)</u>	-	<u>(1,550)</u>	<u>35,343</u>	<u>(1,002)</u>	<u>34,341</u>
Profit before tax		208,482	-	208,482	640,805	140,221	781,026
Tax on profit	12	<u>(65,675)</u>	-	<u>(65,675)</u>	<u>272,168</u>	<u>(10,154)</u>	<u>262,014</u>
Profit for the financial year		<u>142,807</u>	-	<u>142,807</u>	<u>912,973</u>	<u>130,067</u>	<u>1,043,040</u>
Profit/(loss) attributable to:							
Owners of the company		<u>142,807</u>	-	<u>142,807</u>	<u>912,973</u>	<u>130,067</u>	<u>1,043,040</u>

The notes on pages 22 to 36 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED**(REGISTRATION NUMBER: 03360908)****CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	<u>2,495,685</u>	<u>2,188,249</u>
Current assets			
Stocks	15	199,432	97,878
Debtors	16	17,184,611	9,499,590
Cash at bank and in hand		<u>7,682,656</u>	<u>7,356,495</u>
		25,066,699	16,953,963
Creditors: Amounts falling due within one year	18	<u>(23,216,938)</u>	<u>(14,962,199)</u>
Net current assets		<u>1,849,761</u>	<u>1,991,764</u>
Total assets less current liabilities		4,345,446	4,180,013
Provisions for liabilities	12	<u>(22,626)</u>	-
Net assets		<u>4,322,820</u>	<u>4,180,013</u>
Capital and reserves			
Called up share capital	20	1,365	1,365
Share premium reserve	21	129,526	129,526
Capital redemption reserve	21	7,612	7,612
Other reserves	21	14,147	14,147
Profit and loss account	21	<u>4,170,170</u>	<u>4,027,363</u>
Total equity		<u>4,322,820</u>	<u>4,180,013</u>

Approved and authorised by the Board on 22nd September 2022 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED**(REGISTRATION NUMBER: 03360908)
BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Investments	14	<u>10,794</u>	<u>10,794</u>
Current assets			
Debtors	16	2,077,422	1,826,347
Cash at bank and in hand	17	<u>4,600,030</u>	<u>2,760,751</u>
		6,677,452	4,587,098
Creditors: Amounts falling due within one year	18	<u>(4,202,045)</u>	<u>(2,109,100)</u>
Net current assets		<u>2,475,407</u>	<u>2,477,998</u>
Net assets		<u>2,486,201</u>	<u>2,488,792</u>
Capital and reserves			
Called up share capital	20	1,365	1,365
Share premium reserve		131,100	131,100
Capital redemption reserve		7,612	7,612
Retained earnings		<u>2,346,124</u>	<u>2,348,715</u>
Total equity		<u>2,486,201</u>	<u>2,488,792</u>

The company made a loss after tax for the financial year of £2,591 (2020 - profit of £1,994,195).

Approved and authorised by the Board on 22nd September 2022 and signed on its behalf by:



M J Williams
Company secretary and director

The notes on pages 22 to 36 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

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

	Share capital £	Share premium reserve £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2021	1,365	129,526	7,612	14,147	4,027,363	4,180,013
Profit for the year	-	-	-	-	142,807	142,807
At 31 December 2021	<u>1,365</u>	<u>129,526</u>	<u>7,612</u>	<u>14,147</u>	<u>4,170,170</u>	<u>4,322,820</u>

	Share capital £	Share premium reserve £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2020	1,521	129,526	7,456	14,147	11,784,323	11,936,973
Profit for the year	-	-	-	-	1,043,040	1,043,040
Purchase of own shares	(156)	-	156	-	(1,300,000)	(1,300,000)
Contribution to employee ownership trust	-	-	-	-	(7,500,000)	(7,500,000)
At 31 December 2020	<u>1,365</u>	<u>129,526</u>	<u>7,612</u>	<u>14,147</u>	<u>4,027,363</u>	<u>4,180,013</u>

The notes on pages 22 to 36 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

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

	Share capital £	Share premium reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2021	1,365	131,100	7,612	2,348,715	2,488,792
Loss for the year	-	-	-	(2,591)	(2,591)
At 31 December 2021	<u>1,365</u>	<u>131,100</u>	<u>7,612</u>	<u>2,346,124</u>	<u>2,486,201</u>

	Share capital £	Share premium reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2020	1,521	131,100	7,456	9,154,520	9,294,597
Profit for the year	-	-	-	1,994,195	1,994,195
Purchase of own share capital	(156)	-	156	(1,300,000)	(1,300,000)
Contribution to employee ownership trust	-	-	-	(7,500,000)	(7,500,000)
At 31 December 2020	<u>1,365</u>	<u>131,100</u>	<u>7,612</u>	<u>2,348,715</u>	<u>2,488,792</u>

The notes on pages 22 to 36 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the year	142,807	1,043,040
Adjustments to cash flows from non-cash items		
Depreciation	382,965	468,166
(Profit)/loss on disposal of property plant and equipment	(37,305)	225,807
Loss on disposal of subsidiary undertaking	-	143,171
Finance income	(1,863)	7,556
Finance costs	3,413	4,711
Income tax (refund)/ expense	65,675	(262,014)
	<u>555,692</u>	<u>1,630,437</u>
Working capital adjustments		
Increase in inventories	(101,554)	(48,925)
(Increase)/decrease in trade and other receivables	(7,881,654)	18,166,844
Increase/(decrease) in trade and other payables	<u>8,289,011</u>	<u>(15,460,688)</u>
Cash generated from operations	861,495	4,287,668
Income taxes received/(paid)	<u>119,313</u>	<u>(319,198)</u>
Net cash flow from operating activities	<u>980,808</u>	<u>3,968,470</u>
Cash flows from investing activities		
Interest received	1,863	(7,556)
Acquisitions of property plant and equipment	(719,565)	(317,838)
Proceeds from sale of property plant and equipment	<u>66,468</u>	<u>100,094</u>
Net cash flows from investing activities	<u>(651,234)</u>	<u>(225,300)</u>
Cash flows from financing activities		
Interest paid	(3,413)	(4,711)
Purchase of shares	-	(1,300,000)
Employee Ownership Trust contribution	<u>-</u>	<u>(7,500,000)</u>
Net cash flows from financing activities	<u>(3,413)</u>	<u>(8,804,711)</u>
Net increase/(decrease) in cash and cash equivalents	326,161	(5,061,541)
Cash and cash equivalents at 1 January	<u>7,356,495</u>	<u>12,418,036</u>
Cash and cash equivalents at 31 December	<u><u>7,682,656</u></u>	<u><u>7,356,495</u></u>

The notes on pages 22 to 36 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

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

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

203 Barnwood Road
Gloucester
GL4 3HS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (March 2018).

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of these financial statements is UK £, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

Summary of disclosure exemptions

Barnwood Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments and presentation of a statement of cash flows..

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources available to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimation uncertainty

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

Determining the value of amounts recoverable under contracts requires an estimation of the total expected turnover and costs associated with a contract and its stage of completion at the accounting reference date. During the year, the directors have reassessed the basis on which contract costs are estimated, reducing the level of costs being attributed, which has resulted in an increase in gross margin in the year (as compared to previous years) of £696,312.

The carrying amount is a creditor of £2,197,286 (2020 - £2,704,276) which represents the net amounts due to/from customers disclosed in debtors and creditors note.

BARNWOOD GROUP LIMITED

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

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 balance sheet date. Costs are calculated as that proportion of contract value which turnover to date bears to total expected turnover for that contract. Variations in the contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. 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.

Costs associated with contracts are included within work in progress to the extent that they cannot be matched with contract work accounted for as turnover.

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

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

BARNWOOD GROUP LIMITED

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

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	15 - 50 years straight line
Plant and machinery	15% to 25% straight line
Motor vehicles	20% to 25% straight line
Land	Not depreciated

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

BARNWOOD GROUP LIMITED

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, they are otherwise classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

BARNWOOD GROUP LIMITED

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

Retained earnings

Retained earnings are classified as equity and represent accumulated realised profits that the group has earned to date, less any dividends paid or other distributions made to its shareholders. This balance therefore represents the distributable reserves of the group that can be used to make any future distributions to group shareholders, subject to the regulations specified in section 830 of the Companies Act 2006.

Share premium

Share premium has been classified as equity and represents the premium paid for the group's equity shares upon issue above their nominal value. The fair value of this reserve was determined by reference to the proceeds received for the group's equity shares at the time of issue and has not been subsequently remeasured. As specified under section 610 of the Companies Act 2006 this balance forms part of the group's non-distributable reserves.

Capital redemption reserve

The capital redemption reserve has been classified as part of equity and arose on the repurchase of the group's own shares. The reserve was initially recorded as the difference between the aggregate amount of the proceeds paid for the shares and their nominal value. In accordance with section 733 of the Companies Act 2006 the value of the reserve has not subsequently been remeasured.

Other reserves

Other reserves relate wholly to a capital redemption reserve, which has been classified as part of equity and arose on the repurchase of the group's own shares. The reserve was initially recorded as the difference between the aggregate amount of the proceeds paid for the shares and their nominal value. In accordance with section 733 of the Companies Act 2006 the value of the reserve has not subsequently been remeasured.

Distributions

Distributions are recognised when they are paid.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Provisions for termination benefits are recognised only when the group is demonstrably committed to terminate the employment of an employee or of a group of employees before their normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

BARNWOOD GROUP LIMITED

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

BARNWOOD GROUP LIMITED

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

3 Revenue

The analysis of the group's revenue for the year from operations is as follows:

	2021	2020
	£	£
Rendering of services	<u>101,587,026</u>	<u>93,587,114</u>

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

	2021	2020
	£	£
UK	<u>101,587,026</u>	<u>93,587,114</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

The amount of contract revenue recognised as revenue in the year was £101,563,402 (2020 - £93,487,293).

The amount of rental income recognised as revenue in the year was £23,624 (2020 - £99,821).

4 Other operating income

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

	2021	2020
	£	£
Government grants	<u>24,921</u>	<u>973,847</u>

Coronavirus Job Retention Scheme

The group received grants in relation to the Coronavirus Job Retention Scheme which are accounted as revenue grants. £24,921 (2020 - £973,847) was credited to the profit and loss account in relation to this grant.

The group did not directly or indirectly benefit from any other forms of government grants.

5 Discontinued operations

In the prior year, on 27 July 2020, the share capital of Aluminium Sashes Limited was disposed of to certain directors of the company for a total consideration of £1. During the period to disposal, the company contributed a profit after tax amounting to £130,067, including the waiver of an amount owing to the group of £250,000, which is disclosed as an exceptional in the profit and loss account. The net assets at the date of disposal amounted to £143,171.

6 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation of owned assets	382,965	468,166
Auditor's remuneration - statutory audit fees	37,800	36,000
Auditor's remuneration - tax compliance services	5,100	4,850
Auditor's remuneration - other non-audit services	8,870	38,000
Operating lease expense - property	118,000	105,000
Operating lease expense - other assets	-	26,530
(Profit)/loss on sale of tangible fixed assets	<u>(37,305)</u>	<u>225,807</u>

Included within the total of auditor's remuneration of the statutory accounts is £1,750 (2020 - £1,650) relating to the audit of the company.

BARNWOOD GROUP LIMITED

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

7 Exceptional items

	2021	2020
	£	£
Loss on disposal of investment and waiver/provision of loan balances	-	743,171
COVID - 19 costs	-	661,612
Employee ownership trust fees	-	156,305
Release of old liabilities	-	(460,828)
Total exceptional items	<u>-</u>	<u>1,100,260</u>

During the prior year the group incurred £661,612 in respect of Covid-19 related expenditure, including restructuring and redundancy costs. The group also suffered a loss on disposal of £743,171, mainly comprising the write off of amounts owing to the group. The group also released old liability balances to the profit and loss account amounting to £460,822, which the group no longer considers to be payable.

8 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	<u>1,863</u>	<u>39,052</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Bank interest	3,357	3,270
Other interest payable	56	1,441
	<u>3,413</u>	<u>4,711</u>

10 Staff costs

Group

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

	2021	2020
	£	£
Wages and salaries	8,890,850	9,560,446
Social security costs	930,958	980,725
Staff pensions	636,720	652,877
	<u>10,458,528</u>	<u>11,194,048</u>

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

	2021	2020
	No.	No.
Site staff	81	105
Manufacturing	22	30
Administrative and management staff	89	101
	<u>192</u>	<u>236</u>

Company

The company incurred no staff costs and had no employees other than the directors.

BARNWOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021****11 Directors' remuneration**

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	389,862	399,299
Contributions paid to money purchase schemes	53,585	36,853
	<u>443,447</u>	<u>436,152</u>

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

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>4</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	195,000	229,185
Company contributions to money purchase pension schemes	<u>20,000</u>	<u>7,500</u>

12 Taxation

Tax (credited)/ charged in the profit and loss account

	2021	2020
	£	£
Current taxation		
UK corporation tax	32,368	226,165
UK corporation tax adjustment to prior periods	<u>(20,154)</u>	<u>(487,434)</u>
	<u>12,214</u>	<u>(261,269)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	55,905	44,418
Arising from changes in tax rates and laws	(2,444)	(6,668)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>(38,495)</u>
Total deferred taxation	<u>53,461</u>	<u>(745)</u>
Tax expense/(receipt) in the income statement	<u>65,675</u>	<u>(262,014)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

BARNWOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Profit before tax	<u>208,482</u>	<u>781,026</u>
Corporation tax at standard rate	39,612	148,395
Effect of expense not deductible/(allowable) in determining taxable profits	6,878	123,913
Deferred tax expense (credit) relating to changes in tax rates	(2,444)	(10,476)
Prior year adjustment - deferred tax	-	(38,495)
Decreases in UK tax arising from adjustments for prior periods	(20,154)	(487,434)
Depreciation on assets not qualifying for capital allowances	(4,703)	2,083
Movement in deferred tax not recognised	<u>46,486</u>	<u>-</u>
Total tax (credit)/ charge	<u>65,675</u>	<u>(262,014)</u>

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, increasing from 19%. This will increase the group's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated at 25% (2020 - 19%).

Deferred tax**Group**

Deferred tax assets and liabilities (movement detailed above)

	Asset £
2021	
Accelerated capital allowances	-
Short term timing differences	22,626
Tax losses carried forward	-
	<u>22,626</u>
2020	
Accelerated capital allowances	(79,125)
Short term timing differences	102,285
Tax losses carried forward	11,112
	<u>34,272</u>

BARNWOOD GROUP LIMITED

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

13 Tangible assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2021	1,230,403	1,568,412	1,443,400	4,242,215
Additions	414,507	65,736	239,322	719,565
Disposals	-	(42,050)	(118,642)	(160,692)
At 31 December 2021	<u>1,644,910</u>	<u>1,592,098</u>	<u>1,564,080</u>	<u>4,801,088</u>
Depreciation				
At 1 January 2021	25,021	1,009,729	1,019,216	2,053,966
Charge for the year	15,083	159,586	208,296	382,965
Eliminated on disposal	-	(40,038)	(91,490)	(131,528)
At 31 December 2021	<u>40,104</u>	<u>1,129,277</u>	<u>1,136,022</u>	<u>2,305,403</u>
Carrying amount				
At 31 December 2021	<u>1,604,806</u>	<u>462,821</u>	<u>428,058</u>	<u>2,495,685</u>
At 31 December 2020	<u>1,205,382</u>	<u>558,683</u>	<u>424,184</u>	<u>2,188,249</u>

Included in freehold land and buildings is freehold land at valuation of £600,000 (2020: £600,000) which is not depreciated.

Included in freehold land and buildings is a property under construction totalling £706,855 (2020 - £nil) which is not currently depreciated.

BARNWOOD GROUP LIMITED

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

14 Investments

Company

	2021	2020
	£	£
Investments in subsidiaries	<u>10,794</u>	<u>10,794</u>

Subsidiaries

Cost

At 1 January 2021 10,794

At 31 December 2021 10,794

Carrying amount

At 31 December 2021 10,794

At 31 December 2020 10,794

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Barnwood Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Barnwood Shopfitting Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Barnwood General Works Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Beechmore Developments Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%

15 Inventories

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Stock	<u>199,432</u>	<u>97,878</u>	<u>-</u>	<u>-</u>

BARNWOOD GROUP LIMITED

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

16 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	13,028,186	6,468,674	-	-
Amounts owed by group undertakings	-	-	1,165,380	1,165,380
Other debtors	935,040	247,152	912,042	234,138
Prepayments	344,806	226,103	-	-
Gross amount due from customers for contract work	2,808,813	2,327,533	-	-
Deferred tax assets	-	34,272	-	-
VAT control account	-	-	-	426,829
Corporation tax asset	67,766	195,856	-	-
	<u>17,184,611</u>	<u>9,499,590</u>	<u>2,077,422</u>	<u>1,826,347</u>

17 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank	<u>7,682,656</u>	<u>7,356,495</u>	<u>4,600,030</u>	<u>2,760,751</u>

18 Creditors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Due within one year				
Trade creditors	11,467,401	7,488,508	-	-
Amounts due to group undertakings	-	-	4,192,236	2,056,161
Social security and other taxes	5,438,220	657,342	-	-
Outstanding defined contribution pension costs	54,315	48,073	-	-
Other payables	30,000	107,538	-	-
Accrued expenses	1,220,903	1,628,929	9,809	46,871
Corporation tax liability	-	-	-	6,068
Gross amount due to customers for contract work	5,006,099	5,031,809	-	-
	<u>23,216,938</u>	<u>14,962,199</u>	<u>4,202,045</u>	<u>2,109,100</u>

BARNWOOD GROUP LIMITED

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

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £636,720 (2020 - £652,877).

Contributions totalling £54,315 (2020 - £48,073) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,365</u>	<u>1,365</u>	<u>1,365</u>	<u>1,365</u>

21 Reserves

Group and Company

Called up share capital

Represents the issued equity share capital of the company.

Share premium

Represents the share premium arising on the issue of shares.

Capital redemption reserve

Represents the amount transferred in order to maintain the company's capital arising from the purchase of own shares.

Profit and loss account

Represents cumulative profits or losses, net of dividends paid and other adjustments.

During the year, the company made a contribution of £nil (2020 - £7,500,000) to the Barnwood Group Employee Ownership Trust, an Employee Ownership Trust set up for the benefit of the employees of the company.

22 Obligations under leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	115,000	118,029
Later than one year and not later than five years	460,000	423,435
Later than five years	<u>1,150,000</u>	<u>1,260,000</u>
	<u>1,725,000</u>	<u>1,801,464</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £118,000 (2020 - £131,530).

BARNWOOD GROUP LIMITED

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

23 Related party transactions

The group has taken advantage of section 33 of FRS 102 to not disclose transactions with fellow group companies who are 100% owned. Balances disclosed in notes 16 and 18.

24 Parent and ultimate parent undertaking

The ultimate controlling party is Barnwood Group Holdings Limited on behalf of Barnwood Employee Ownership Trust, incorporated in England and Wales.

25 Financial instruments

Group

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2021				
Financial assets measured at amortised cost	1,863	-	-	-
Financial liabilities measured at amortised cost	-	3,413	-	-
	<u>1,863</u>	<u>3,413</u>	<u>-</u>	<u>-</u>
	Income £	Expense £	Net gains £	Net losses £
2020				
Financial assets measured at amortised cost	39,052	-	-	-
Financial liabilities measured at amortised cost	-	4,711	-	-
	<u>39,052</u>	<u>4,711</u>	<u>-</u>	<u>-</u>

26 Analysis of net debt

	At 1 January 2021 £	Cash flow £	Other non-cash changes £	At 31 December 2021 £
Cash at bank and in hand	<u>7,356,495</u>	<u>326,161</u>	<u>-</u>	<u>7,682,656</u>