Registered number: 10829369

Barhale Holdings PLC

Annual Report and Financial Statements

For the Year Ended 30 June 2022

Barhale Holdings PLC

Company Information

Directors	D A Curran S J M Curran A N Flowerday L A Curran
Company secretary	A K Sheppard
Registered number	10829369
Registered office	Barhale House Bescot Crescent Walsall West Midlands WS1 4NN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG

Barhale Holdings PLC

Contents

Introduction

The principal activity of the Group is the provision of civil engineering, tunnelling, mechanical and electrical engineering and associated services.

Business review

The key financial highlights are as follows

	2022 £000	2021 £000
Turnover	**108,955**	110,255
Gross profit	**13,352**	10,546
Gross profit margin (%)	**12.3**	9.6
Operating profit	**3,592**	1,325
Total assets	**54,903**	57,586
Net assets	**5,268**	2,968

The Group reported a profit before tax for the year of £3,161,000 (2021: £1,278,000).

The turnover for the year remained stable at £109m. The Group's long term water framework contracts continued to suffer from delays in projects reaching their delivery phase. This is a deferral as opposed to a loss of turnover as many of these projects must be concluded by 31st March 2025. This will translate into a very busy last three years of the five-year AMP 7 spending programme. We were successful in mitigating some of the impact of this, by securing work competitively outside of these contracts. We will continue to do this where we can, provided this is aligned to the core capabilities of the Group.

In the year we resolved a number of contractual issues and claims that had previously constrained the Group, dissipated management time and limited financial resources. Our current projects continue to perform well, however our Scottish region encountered difficulties on a number of projects and having been unsuccessful in securing a water framework contract within that region, the decision was taken in May 2022 to close this office. We will however, continue to deliver tunnelling work in this region. With these issues now satisfactorily resolved we can look forward to delivering best in class results in line with the groups strategic objectives.

At 30 June 2022, the Group had cash and cash equivalents of £3.0m. This compares to (£4.3m) as at 30 June 2021. We continue to be supported by an Asset Based Lending facility of £11.1m and as at 30 June 2022 the Group had cash balances of £9.8m (2021: £0.98m) and utilised £6.8m of this facility.

Throughout the year the Group continued to deliver for our key water sector clients, primarily through 5/10 year frameworks which commenced in April 2020. These include Anglian Water, Affinity Water, Severn Trent Water, Thames Water, and Yorkshire Water. Most if not all of these companies continue to forecast an increased spend over the remainder of AMP 7 and we look forward to delivering framework projects for them in 2022/23 and beyond. We also successfully delivered projects in the year for National Grid, Network Rail, Thames Tideway, North London Waste Authority, SUEZ and Mace Dragados. The Group continues to have a strong order book extending over a number of years. The current order book stands at £775m and we are looking to build upon this through framework contracts with Network Rail and other selected water companies under AMP 8.

The board would like to recognise the effort, dedication and support received from our employees, clients, supply chain and other stakeholders. This has enabled the Group to overcome the challenges of recent years and achieve these results, making the business is more financially robust and able to deal with current and future challenges as they are met.

Barhale Construction Services Limited, our signs, supplies, plant and fabrications business overcame considerable challenges and succeeded in meeting the needs of both the internal and external markets against a background of limited global supplies and increased demand.

Principal risks and uncertainties

Risk management is an important part of the management process throughout the Group. Regular reviews are undertaken to assess the nature of the risks faced, the magnitude of the risk presented to business performance and the manner in which the risk may be mitigated. The controls in place are regularly monitored.

The principal risks and uncertainties facing the business at the current time are as follows:

- Attracting, retaining and preserving our workforce
- Wage and material cost inflation
- Uncertainty and volatility of energy and materials costs
- Uninsured or uninsurable events

All risks are reviewed and monitored by the Risk and Audit Committee, a sub committee of the Strategic Board. Individual risks are managed by a relevant owner and progress is reported against these.

Environment, Social & Governance (ESG)

The Group has for many years been guided by its Values being; Safety, Communication, Quality, Integrity, TeamSpirit, Caring, Trust and Pride. These are part of our DNA and are used on a daily basis to navigate our way through day-to-day challenges at all levels within the business. We are proud of them, and consider them to be our individual and corporate moral compass.

We are now challenged by the environment we operate in to step up, measure and promote - through the framing of ESG, Social Value and Net Zero. To meet this challenge the board have appointed a dedicated ESG Manager to capture, promote and measure the impact we have upon the society in which we live and conduct our business.

Environment
We recognise that our construction operations may have a short-term negative impact upon the environment even though an overall project is likely to have a long-term environmental benefit. It is therefore encumbent upon us to minimise this impact. We seek to challenge design, innovate and change construction methods and we will continue to do this. Measurement of embedded carbon is a key aspect of improvement and we must succeed in this area which has always proven difficult within the construction industry.

Social Value
Inherently the Group and more particularly its employees create social value. Our challenge is to capture, measure and promote this whilst preserving the ethos of "doing the right thing", as encapsulated within our Values. The Group supports a number of charities giving £57,000 to good causes in the year. Our employees regularly engage in voluntary and community-based activities, with impromptu acts of kindness towards members of the general public being commonplace.

Performance measurement

The Group continues to use the Three Pillar Model of Profit, Safety and Environment to measure performance.

The financial key performance indicators are referred to in the business review section of the Strategic Report:

The Group wherever possible seeks to align its objectives with those of our client and in turn to those of our staff.

The non financial key performance indicators are:

- Lost time incidents per 100,000 hours worked
- Senior management site inspections as a % of target
- Environmental incidents in a 12 month rolling period
- Rolling accident frequency rate
- Gas oil per £m turnover
- Near miss report frequency rate

All of the financial and non financial key performance indicators are included within our Staff Profit Share Scheme.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of Barhale Holdings plc consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be the most likely to promote the success of the group for the benefit of its members as a whole whilst having due regard to the interests of stakeholders and matters set out in s172(1)(a f), in particular by reference to the five year Strategic Plan looking out to Financial Year 2025/26.

The plan is underpinned by the core principals of our Three Pillar Model of Profit, Safety and Environment.
The plan is designed to deliver a long-term beneficial impact to shareholders and stakeholders alike through controlled and manageable growth with strict budgetary control and regular performance reviews whilst ensuring reputational and environmental issues are always fully considered.

Our employees are fundamental to the delivery of the plan. We aim, at all times, to be a responsible employer, with a sound recruitment policy targeting the best experienced and qualified staff to whom we offer competitive salaries, benefits and learning and development opportunities. The health, safety and wellbeing of our employees is of paramount importance to the board and a primary consideration in how we do business. Quarterly Cascade meetings are held to inform our employees as to how the business is performing and to discuss issues that may affect them.

Key to the success of the business is our relationship with our business partners including clients, suppliers and subcontractors. The board fully understands the need to give this due consideration in the Group's decision making process and often, these parties are invited to collaborate in making decisions at operational level. Regular meetings are held at board level with our key clients and our well developed and integrated procurement systems and processes ensure that our suppliers and sub contractors are always kept up to date and well informed of our business requirements.

The board are acutely aware of the potential negative impact our operations can have on the environment and on the community as a whole. Our contracts are designed to be delivered in a manner which minimises any impact on the local and wider community, consulting and advising them in advance of operations where necessary and often amending the means and method of delivery in response to local community concerns. Our impact on the environment is carefully measured and managed at an operational level, supported by a central Health, Safety, Environment and Quality team, led by a member of the senior management team. We monitor and report on environmental impacts including fuel and energy usage and we are constantly developing and implementing new methods and technologies to minimise and mitigate the negative environmental impact of our work.

As a board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible and ethical manner, maintaining the exemplary standards of business conduct and governance expected of a business such as ours. It is our continuing intention to nurture our reputation, through the construction and delivery of our plan, which reflects our responsible behaviour and approach.

Further, it is our intention to behave responsibly toward our shareholders and treat them fairly and equally so that they will all benefit from the successful delivery of our plan.

This report was approved by the board on 12/10/2022 and signed on its behalf.

Dennis Curran

D A Curran
Director

The directors present their report and the financial statements for the year ended 30 June 2022.

Results and dividends

The profit for the year, after taxation, amounted to £2,150,000 (2021 - £1,544,000).

There were no dividends paid during the period (30 June 2021: £Nil).

Directors

The directors who served during the year were:

D A Curran
S J M Curran
A N Flowerday
L A Curran

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 will continue in business.

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

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

Environmental matters

The Group continued to show commitment to the environment in which it worked during the year. Recycled waste from our construction sites now exceeds 95% of waste generated and we had another period with zero environmental incidents. These measures together with Environmental Positive Intervention reporting are incorporated into the Groups’ KPI measures which in turn are included in the Groups’ Profit Share Scheme, thus ensuring business wide commitment to environmental issues.

The Group participates in the Considerate Contractors Scheme, which promotes and measures the consideration given to people and the environment in which it operates.

The Group achieved accreditation to ISO 14064 -1 with Achilles Carbon Reduce where our 2018/19 baseline was set to enable the 2019/20 and 2020/21 carbon emissions to be verified by the auditors. The 2021/22 figures will be verified during our next visit by Achilles in 2023. Our carbon emissions are now captured monthly to feed our KPI's using Achilles E-manage portal.

During the period, the Group delivered environmental training to its employees.

Energy and Carbon Reporting

Energy and greenhouse gas emissions:

Calculation of UK GHG emissions from energy use:

	Year to 30 June 2022		Year to 30 June 2021	
Energy Use	MWh used	GHG Emissions (Tonnes)	MWh used	GHG Emissions (Tonnes)
Gas Oil	5,665	1,473	10,450	2,717
Diesel retail station biofuel blend	4,367	1,048	6,596	1,583
Car allowance mileage	-	633	-	702
Diesel	1,720	430	-	-
Electricity UK (Generation) (2013 Methodology)	512	99	889	172
Natural Gas	345	69	415	83
Accommodation – UK	-	67	-	43
Electricity	176	34	-	-
Petrol	54	13	146	35
Electricity UK (T&D losses) (2013 Methodology)	509	9	848	15
Air travel domestic (average)	-	7	-	-
Waste to landfill – office waste	-	7	-	-
Air travel short haul (economy)	-	2	-	-
Waste disposal aggregate materials	-	4	-	11
Rail travel (national)	-	3	-	-
Electricity distributed T&D losses	334	3	-	-
Hydrotreated vegetable oil (HVO)	535	2	-	-
Total	14,217	3,904	19,344	5,361

Energy Reduction Review
The Group completed an annual energy efficiency review in accordance with ISO 50001:2018 requirements. The review for 2022 confirmed the following analysis and changes in energy usage:

Road Fuel	43%	(9% MWh reduction compared to 2020/21 FY)
Gas Oil	40%	(46% MWh reduction compared to 2020/21 FY)
Electricity	5%	(23% MWh reduction compared to 2020/21 FY)
Electricity T&D Losses	4%	(40% MWh reduction compared to 2020/21 FY)
Use of HVO	4%	(Not measured in 2020/21 FY)
Electricity Distributed T&D	2%	(Not measured in 2020/21 FY)
Gas	2%	(17% MWh reduction compared to 2020/21 FY)
Total	**100%**	

Climate Change

Climate change is the greatest challenge of our time. Keeping temperature increase within 1.5 degrees by the end of the century will require significant changes to our society and environment and how we go about our daily activities. Within Barhale we are responding to this challenge by reviewing every aspect of the way we plan, engineer, construct and commission our projects with the ultimate aim of delivering all of our projects Scope 1, 2 & 3 emission free by 2050.

We have already taken steps towards a low carbon future, and this roadmap sets out in more detail how we will navigate through all stages of this journey between now and 2050.

In support of this, we have recently updated our company vehicle list to include hybrid and full electric vehicles, our diesel and petrol fleet will be phased out over the next three years and we are already harnessing more solar energy on our construction sites to power our construction activities, these measures are delivering results today.

We accept that more can be done towards achieving the UK’s target of ‘net zero’ by 2050 and through the adherence to our carbon reduction road map, being ISO 14064 accredited and achieving our targets and objectives we will build on a successful contribution year on year.

We are passionate with regards to our commitment to protecting the environment and leading the decarbonisation agenda within our industry for generations to come. We aim to share best practices with our customers, partners and supply chain whereby there will be a common and joined up approach to achieving Net Zero by 2050.

2018/19	2019/20	2020/21	2021/22
Site gas oil reduction initiative introduced	Phase out plan to remove diesel site generators introduced	Carbon & climate change working group launched	Became signatory to the pledge to net zero in June 21 and published carbon reduction roadmap
Diverted 85% of all waste generated from site away from landfill	Diverted 93% of all waste generated from site away from landfill	Diverted 90% of all waste generated from site away from landfill	Achieved ISO 14064 accreditation
Total Gross Emissions 9,897.37 tonnes	Total Gross Emissions 6,169.07 tonnes	Total Gross Emissions 6,838.00 tonnes	Total Gross Emissions 5,361.15 tonnes

Results comparison 2020/21 – 2021/22

Scope 1 Emissions
We have seen a 46% reduction in our gasoil emissions where focus across our sites has resulted in eco-friendly site set-ups and the use of fuel-efficient plant and equipment. Our road fuel emissions have also decreased by 8% despite increased travel following the Covid 19 pandemic. Our transition from diesel to hybrid and electric vehicles have seen our diesel-powered vehicles reduce to 33% of our fleet, which has given rise to a reduction in road fuel usage.

Scope 2 Emissions
Our scope 2 emissions have decreased by 23% with all operating areas showing reductions in electricity usage.

Scope 3 Emissions
We have included Mandatory and Additional Scope 3 emissions in our measurement. Scope 3 emissions overall have increased by less than 1%. Our mandatory scope 3 emissions have fallen by 10%, mainly attributed to a reduction in waste disposal. Our Additional scope 3 emissions have increased by 38% compared to 20/21 financial year due to an increase in employee travel whilst using their own vehicles, additional rail and air travel and hotel accommodation as we get back to normal business activities following the Covid 19 pandemic.

Carbon Reduction Targets for the next 3 years

- A reduction in carbon emissions over the next three years to 3,171 tonnes CO2e by 2024/25, representing a reduction of 65% from our validated baseline set in 2018/19 financial year.
- Achieve Scope 1 and 2 Carbon Neutral by 2035
- Achieve Scope 1,2 and 3 Net Zero by 2040

Our Carbon Reduction Commitments for the next 5 years

Our carbon reduction targets are fully aligned with our business plan and budgets for the next five years, linking carbon to our five-year business plan and budget ensures that everyone within our business and our key supply chain partners are aligned with our carbon reduction plan.

Over the next five years we have committed to:

- 100% of our site accommodation being powered by mains electricity, solar power or hybrid generators
- All diesel and petrol cars being removed from our company car list
- Our owned plant on site being fully electrically powered wherever practicable
- Assist our customers to reduce embodied carbon within our projects.
- Provide EV charging points at all our sites and fixed premises.

Financial instruments

The Group's principal financial instruments comprise the cash, trade debtors and trade creditors, other debtors and other creditors, amounts owed by group undertakings, amounts owed by joint ventures and related parties, other loans, net obligations under finance lease and hire purchase contracts and amounts recoverable on long term contracts. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk and credit risk.

Liquidity risk

The Group manages liquidity through actively monitoring its cash flow requirements to ensure it maximises its available cash and funding headroom.

Credit risk

The Group has a high-quality customer base and the receivables balances are monitored on an ongoing basis in order to mitigate any exposure to bad debts.

Engagement with employees

The Group has policies designed to encourage employees to identify with the Group and use their knowledge and skills actively towards its success. Managers are encouraged to make employees aware of the financial and economic factors affecting the Group performance.

Engagement with suppliers, customers and others

The Group actively engages with suppliers, customers, at operational and commercial level, consulting with them, when appropriate to do so, in the design and delivery of work. Further engagement at senior management and board level ensures alignment at strategic levels.

The Group is also an active member of various trade related organisations, including the Civil Engineers Contractors Association (CECA) who represent organisations that collectively deliver over 70% of civil engineering activity in the UK. As an active member, the Group contributes to various aspects of CECA's activities and takes full advantage of training and development opportunities available to members.

Disabled employees

The Group's policy is to ensure inclusivity in recruitment by giving equal consideration to all applications from all communities. Applications from disabled candidates take into consideration individual skills, experience and ability. Once employed, we endeavour to offer sustainable employment with the support of career plans and training. In the unfortunate event that any existing employee becomes disabled, we offer the same opportunities in terms of training and redeployment. Whenever it is practicable to do so, we implement reasonable adjustments to ensure that any disadvantage relating to the job is removed or reduced during the recruitment process and / or when in employment.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared monthly cash flow forecasts for the Group to 30 June 2024 and stress tested these for reasonably possible alternative scenarios. These show that based on the Group's order book and use of its currently agreed available facilities to December 2024, the Group will have sufficient liquidity to meet its liabilities as they fall due.

In December 2021, the Group entered into an asset based facilities agreement, providing funding to support the anticipated future investment and growth in the business. The agreement contains various terms and covenants and the ability of the Group to comply with these was compared to various worst case scenarios regarding revenues, margin and fixed costs. Based on these forecasts the directors consider the Group will remain compliant with the terms and covenants contained within this agreement and this source of funding will remain in place until December 2024.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Matters covered in the Strategic Report

The Strategic Report includes the directors' assessment of the likely future developments, key performance indicators, principal risks and uncertainties of the business and statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

Disclosure of information to auditor

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

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12/10/2022 and signed on its behalf.

Dennis Curran

D A Curran
Director

Independent Auditor's Report to the Members of Barhale Holdings PLC

Opinion

We have audited the financial statements of Barhale Holdings Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 30 June 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity 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 of the parent company’s affairs as at 30 June 2022 and of the group’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s and the parent company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors’ conclusions, we considered the inherent risks associated with the group’s and the parent company’s business model including effects arising macro-economic uncertainties such as Covid-19, the global supply chain crisis (including the impact of the Invasion of Ukraine) and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group’s and the parent company’s financial resources or ability to continue operations over the going concern period.

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 the 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.

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.

The responsibilities of the directors with respect to going concern are described in the ‘Responsibilities of directors for the financial statements’ section 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 matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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

Explanation as to what 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. 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).

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

- Based on our understanding of the Group and industry, we identified the principal risks of non compliance with laws and regulations and we considered the extent to which non compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).
- There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misinterpretations, or through collusion.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

David White (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date: 12/10/2022

Barhale Holdings PLC

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 £000	2021 £000
Turnover	4	**108,955**	110,255
Cost of sales		**(95,603)**	(99,709)
Gross profit		**13,352**	10,546
Administrative expenses		**(10,326)**	(10,109)
Other operating income	5	**566**	888
Operating profit	6	**3,592**	1,325
Interest payable and similar expenses	10	**(431)**	(47)
Profit before taxation		**3,161**	1,278
Tax on profit	11	**(1,011)**	266
Profit for the financial year		**2,150**	1,544
Unrealised surplus on revaluation of tangible fixed assets		**150**	249
Other comprehensive income for the year		**150**	249
Total comprehensive income for the year		**2,300**	1,793
Profit for the year attributable to:			
Owners of the parent Company		**2,150**	1,544
		2,150	1,544
Total comprehensive income for the year attributable to:			
Owners of the parent Company		**2,300**	1,793
		2,300	1,793

The notes on pages 21 to 44 form part of these financial statements.

Barhale Holdings PLC
Registered number:10829369

Consolidated Balance Sheet
As at 30 June 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	12		**264**		230
Tangible assets	13		**13,761**		14,781
			14,025		15,011
Current assets					
Stocks		**2,487**		1,788	
Debtors: amounts falling due within one year	16	**28,507**		39,807	
Cash at bank and in hand	17	**9,884**		980	
		40,878		42,575	
Creditors: amounts falling due within one year		**(45,129)**		(45,622)	
Net current liabilities			**(4,251)**		(3,047)
Total assets less current liabilities			**9,774**		11,964
Creditors: amounts falling due after more than one year			**(169)**		(1,340)
Provisions for liabilities					
Other provisions	22	**(4,337)**		(7,656)	
			(4,337)		(7,656)
Net assets			**5,268**		2,968
Capital and reserves					
Called up share capital	23		**475**		475
Revaluation reserve	24		**1,672**		1,522
Capital redemption reserve	24		**25**		25
Profit and loss account	24		**3,096**		946
			5,268		2,968

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

Dennis Curran

D A Curran
Director

Date: 12/10/2022

The notes on pages 21 to 44 form part of these financial statements.

Barhale Holdings PLC
Registered number:10829369

Company Balance Sheet
As at 30 June 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	14	**475**	475
		475	475
Total assets less current liabilities		**475**	475
Net assets		**475**	475
Net assets		**475**	475
Capital and reserves			
Called up share capital	23	**475**	475
		475	475

The Company has taken the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Company for the period was £Nil (2021: £nil)

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

D A Curran Dennis Curran
Director

Date: 12/10/2022

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2022

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2020	**475**	**25**	**1,273**	**(598)**	**1,175**
Profit for the year	-	-	-	1,544	1,544
Revaluation for the year	-	-	249	-	249
At 1 July 2021	**475**	**25**	**1,522**	**946**	**2,968**
Profit for the year	-	-	-	2,150	2,150
Surplus on revaluation of freehold property	-	-	150	-	150
At 30 June 2022	**475**	**25**	**1,672**	**3,096**	**5,268**

The notes on pages 21 to 44 form part of these financial statements.

Company Statement of Changes in Equity
For the Year Ended 30 June 2022

	Called up share capital £000	Total equity £000
At 1 July 2020	**475**	**475**
At 1 July 2021	**475**	**475**
At 30 June 2022	**475**	**475**

The notes on pages 21 to 44 form part of these financial statements.

Barhale Holdings PLC

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	**2,150**	1,544
Adjustments for:		
Amortisation of intangible assets	**42**	43
Depreciation of tangible assets	**1,345**	2,100
Loss/(gain) on disposal of tangible assets	**(31)**	33
Interest paid	**431**	46
Taxation charge	**1,011**	(256)
(Increase)/decrease in stocks	**(698)**	250
Decrease/(increase) in debtors	**16,624**	(21,188)
Decrease in amounts owed by related parties	**27**	31
(Decrease)/increase in creditors	**(11,591)**	16,248
Increase in amounts owed to related parties	**-**	197
Increase/(decrease) in amounts owed to joint ventures	**-**	(210)
Corporation tax received/(paid)	**-**	(630)
Net cash generated/(used) from operating activities	**9,310**	(1,792)
Cash flows from/(used) investing activities		
Purchase of tangible fixed assets	**(556)**	(229)
Sale of tangible fixed assets	**335**	282
Net cash from investing activities	**(221)**	53
Cash flows from financing activities		
Interest paid	**(431)**	(46)
Settlement of leases	**(1,274)**	(1,712)
Net cash used in financing activities	**(1,705)**	(1,758)
Net increase/(decrease) in cash and cash equivalents	**7,384**	(3,497)
Cash and cash equivalents at beginning of year	**(4,330)**	(833)
Cash and cash equivalents at the end of year	**3,054**	(4,330)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**9,884**	980
Bank overdrafts	**(6,830)**	(5,310)
	3,054	(4,330)

1. General information

Barhale Holdings Plc is a public company limited by shares and incorporated in England and Wales. Its registered head office is located at Barhale House, Bescot Crescent, Walsall, West Midlands, WS1 4NN.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand.

The principal activity of the Group is the provision of civil engineering, tunnelling, mechanical and electrical engineering and associated services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

2. Accounting policies (continued)

2.3 Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared monthly cash flow forecasts for the Group to 30 June 2024 and stress tested these for reasonably possible alternative scenarios. These show that based on the Group's order book and use of its currently agreed available facilities to December 2024, the Group will have sufficient liquidity to meet its liabilities as they fall due.

In December 2021, the Group entered into an asset based facilities agreement, providing funding to support the anticipated future investment and growth in the business. The agreement contains various terms and covenants and the ability of the Group to comply with these was compared to various worst case scenarios regarding revenues, margin and fixed costs. Based on these forecasts the directors consider the Group will remain compliant with the terms and covenants contained within this agreement and this source of funding will remain in place until December 2024.

2.4 Revenue

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

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

Revenue from the sale of goods is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the goods and services supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods and services.

Rental income arising from operating leases on properties owned by the Group is accounted for on a straight line basis over a period commencing on the start of the lease. Rental revenue excludes service charges and other costs directly receivable from tenants.

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

2.5 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

Government grants relating to the Coronavirus Job Retention Scheme ("CJRS") in the UK, are recognised in profit or loss over the periods necessary to match them with the related costs and are presented as other operating income in the statement of comprehensive income

2.7 Interest income

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

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

The pension costs charged in the financial statements represent the contributions payable to personal pension plans during the year.

2. Accounting policies (continued)

2.11 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

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

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	- over period of lease
Plant and machinery	- 15% - 33% reducing balance
Motor vehicles	- 10% - 25% straight line
Fixtures and fittings	- 33% - straight line
Plant and machinery for hire	- 15% - 33% reducing balance
Computer equipment	- 33% - straight line

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

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

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or Cash Generating Unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Joint venture

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in jointly controlled operations are accounted for using the proportinal method of consolidation.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2. Accounting policies (continued)

2.17 Debtors

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

2.18 Cash and cash equivalents

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

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

2.19 Creditors

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

2.20 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.21 Financial instruments

he Group only enters basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies.

Construction and service contracts
When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the reporting date.

The revenue 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 outcomes of long term construction services and support services contracts, which require assessments and judgments to be made on recovery of costs, changes in scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

Revenue in respect of variations to contracts is recognised when it is probable it will be agreed by the client. Revenue in respect of claims is recognised based on the group's internal surveyors' estimate of probable outcome. This is subject to inherent uncertainty and the likelihood of whether a claim will be successful and its likely settlement value is judgemental.

Costs are recognised as incurred and revenue is recognised on the basis of the value of work done at the reporting date. Provision is made for all known or expected losses on individual contracts once losses are foreseen.

Revenue and margin recognition
The estimation techniques used for the recognition of revenue and margin on construction contracts require forecasts to be maintained on the final outcome of all contracts. This requires assessments and judgements to be made on changes in scope, contract programmes, maintenance and defects liabilities, cost changes and cost recoveries.

3. Judgments in applying accounting policies (continued)

Of the 273 contracts that were revenue generating in the year, 16 contracts were considered to require material accounting estimates as at 30 June 2022. Revenues have been recognised on the basis that they are highly unlikely to reverse, however there are clearly a range of factors that could affect potential outcomes once these contracts are completed and finalised. The Group estimates that the margins on these contracts could collectively range from an upside of £8.9m to a downside of £2.0m.

Contract claims and disputes
In common with comparable construction businesses, the Group is involved in contentious issues in the ordinary course of business which may give rise to claims by or against clients or suppliers and on occasion are covered by insurance. The Group seeks to resolve such claims where appropriate and makes provisions where there will probably be an outflow of funds, including costs are likely to be incurred to conclude these matters. Where associated recoveries are virtually certain to be achieved they are recorded in the financial statements as a reimbursement asset. All amounts recorded in the financial statements are based on the directors' assessment of the specific circumstances after taking relevant specialist advice.

Valuation of freehold properties
The properties valued at year end were based on a reference to external valuations undertaken in September 2021. The directors have made a judgement that there was no change in the valuation between these dates based on underlying marketing conditions and limited transactional activity.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Revenue arising from contracting services	**102,084**	100,551
Sale and hire of construction plant and consumables	**6,739**	9,605
Rental income from freehold properties	**132**	99
	108,955	110,255

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £000	2021 £000
Other operating income - Research and Development Expenditure Credit	**566**	611
Other operating income - government furlough scheme	**-**	277
	566	888

6. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets - owned	**1,005**	951
Depreciation of tangible fixed assets - held under finance lease	**340**	1,149
Other operating lease rentals	**42**	43
Operating lease rental	**1,068**	1,103
Cost of defined contribution scheme	**1,445**	1,385
Gain on disposal of tangible fixed assets	**(30)**	(280)

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**110**	100

Fees payable to the Group's auditor and its associates in respect of:

	2022 £000	2021 £000
Taxation compliance services	**21**	33
Other accounting services	**-**	6
	21	39

8. Employees

Staff costs were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	**40,241**	38,342	**-**	-
Social security costs	**4,023**	3,709	**-**	-
Cost of defined contribution scheme	**1,445**	1,385	**-**	-
	45,709	43,436	**-**	-

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

	2022 No.	2021 No.
Administrative Staff	**280**	287
Site Staff	**488**	485
	768	772

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	**578**	608
Company contributions to defined contribution pension schemes	**30**	30
	608	638

During the period retirement benefits were accruing to 2 directors (2021: 2) in respect to defined contribution pension schemes.

The highest paid director received remuneration of £245,000 (2021: £245,337).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,972 (2021: £20,972).

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	**280**	-
Finance leases and hire purchase contracts	**151**	47
	431	47

11. Taxation

	2022 £000	2021 £000
Adjustments in respect of previous periods	**68**	(68)
	68	(68)
Total current tax	**68**	(68)
Deferred tax		
Origination and reversal of timing differences	**939**	299
Changes to tax rates	**-**	(520)
Increase in discount	**-**	23
Adjustments in respect of previous periods	**4**	-
Total deferred tax	**943**	(198)
Taxation on profit on ordinary activities	**1,011**	(266)

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £000	2021 £000
Profit on ordinary activities before tax	**3,161**	1,274
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**601**	242
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**111**	2
Fixed asset difference	**23**	48
Other permanent differences	**7**	4
R&D expenditure credits	**14**	15
Adjustments to tax charge in respect of prior periods	**69**	(68)
Adjustments to deferred tax in respect of prior periods	**3**	23
Effects of changes in tax rates	**225**	(448)
Deferred tax not recognised	**-**	(153)
Income not taxable for tax purposes	**(42)**	-
Unrelieved tax losses carried forward	**-**	69
Total tax charge for the year	**1,011**	(266)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25%, effective from 1 April 2023 was substantively enacted on October 2021.

Following the announcement of the mini budget on 23 September 2022, the Chancellor stated that the previously announced rise of the corporation tax rate to 25% will not go ahead from 1 April 2023. The rate of corporation tax will remain at 19%. However, as the legislation has not yet been passed, this has not been reflected in these financial statements.

12. Intangible assets

Group

	Software £000
Cost	
At 1 July 2021	**397**
Additions	**76**
At 30 June 2022	**473**
Amortisation	
At 1 July 2021	**167**
Charge for the year	**42**
At 30 June 2022	**209**
Net book value	
At 30 June 2022	**264**
At 30 June 2021	230

13. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	P&M for hire £000	Total £000
Cost or valuation								
At 1 July 2021	**8,134**	**1,107**	**3,171**	**2,666**	**344**	**514**	**9,602**	**25,538**
Additions	**-**	**67**	**193**	**3**	**64**	**(3)**	**156**	**480**
Disposals	**-**	**-**	**(99)**	**(512)**	**-**	**-**	**(40)**	**(651)**
Revaluations	**150**	**-**	**-**	**-**	**-**	**-**	**-**	**150**
At 30 June 2022	**8,284**	**1,174**	**3,265**	**2,157**	**408**	**511**	**9,718**	**25,517**
Depreciation								
At 1 July 2021	**663**	**919**	**926**	**1,769**	**259**	**473**	**5,748**	**10,757**
Charge for the year	**150**	**68**	**85**	**328**	**43**	**19**	**649**	**1,342**
Disposals	**-**	**-**	**(51)**	**(276)**	**-**	**-**	**(18)**	**(345)**
At 30 June 2022	**813**	**987**	**960**	**1,821**	**302**	**492**	**6,379**	**11,754**
Net book value								
At 30 June 2022	**7,471**	**187**	**2,305**	**336**	**106**	**19**	**3,339**	**13,763**
At 30 June 2021	7,471	188	2,245	897	85	41	3,854	14,781

13. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £000	2021 £000
Plant and machinery	**3,227**	3,895
Motor vehicles	**-**	414
	3,227	4,309

During the year, the directors reassessed the fair value of freehold properties, based on external valuations undertaken in September 2021 by Savills (UK) Limited and Knight Frank LLP on a fair value basis. The directors have made a judgement that there was no change in the valuation between these dates.

A part of the Group's freehold properties has been let to third parties during the year. The adjustments and additional disclosures which would result from the change in classification of part of this freehold property to investment property are not material.

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

	2022 £000	2021 £000
Group		
Cost	**7,429**	7,429
Accumulated depreciation	**(814)**	(663)
	6,615	6,766

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2021	**475**
At 30 June 2022	**475**
Net book value	
At 30 June 2022	**475**
At 30 June 2021	475

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Barhale Limited	Civil engineering	Ordinary	100%
Barhale Properties Limited	Rental of properties	Ordinary	100%
Barhale Construction Services Limited	Rental of equipment	Ordinary	100%
Barhale Response Limited	Civil engineering	Ordinary	100%
Barhale Overseas Limited	Dormant	Ordinary	100%
Barhale Rail Limited	Dormant	Ordinary	100%
Barhale Resources Solutions Limited	Dormant	Ordinary	100%
Barhale Telecoms Limited	Dormant	Ordinary	100%
Comtake Engineering Limited	Dormant	Ordinary	100%
Microline Tunnelling Limited	Dormant	Ordinary	100%
Tunneline Limited	Dormant	Ordinary	100%

Indirect subsidiary undertaking

The following was an indirect subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Fleming & Company (Machinery) Limited	Sale of construction supplies and consumables	Ordinary	100%

Principal Joint Ventures

The following are joint ventures of the Group:

Name	Principal activity	Holding
BNM Alliance	Construction	50%
Barhale/Doosan Enpure	Construction	30%

The share of the Barhale/Doosan Enpure joint venture is determined by the pre-agreed proportion of work to be undertaken by each individual partner.

15. Stocks

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Raw materials and consumables	**2,487**	1,788	**-**	-
	2,487	1,788	**-**	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

No impairment loss (2021: £Nil) was recognised in cost of sales against stocks during the period due to slow moving and obsolete stock.

Stock recognised in cost of sales during the period as an expense was £18,170,000 (2021: £21,277,000).

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	**5,056**	9,715	**-**	-
Amounts owed by group undertakings	**401**	174	**-**	-
Other debtors	**1,647**	2,161	**-**	-
Reimbursed asset	**-**	7,656	**-**	-
Prepayments and accrued income	**1,863**	1,397	**-**	-
Amounts recoverable on long term contracts	**18,615**	16,770	**-**	-
Tax recoverable	**-**	68	**-**	-
Deferred taxation	**925**	1,866	**-**	-
	28,507	39,807	**-**	-

17. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	**9,884**	980	**-**	-
Less: bank overdrafts & asset based lending	**(6,830)**	(5,310)	**-**	-
	3,054	(4,330)	**-**	-

18. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Asset based lending	**6,830**	-	**-**	-
Bank overdrafts	**-**	5,310	**-**	-
Other loans	**836**	399	**-**	-
Trade creditors	**10,436**	12,148	**-**	-
Amounts owed to related parties	**802**	548	**-**	-
Other taxation and social security	**4,359**	8,210	**-**	-
Obligations under finance lease and hire purchase contracts	**702**	804	**-**	-
Other creditors	**395**	909	**-**	-
Deferred income	**7,940**	8,735	**-**	-
Accruals	**12,829**	8,559	**-**	-
	45,129	45,622	**-**	-

The bank overdrafts are secured by the following:

1. an omnibus guarantee and set off agreement dated 4 September 2017 among the bank, Barhale Limited, Barhale Properties Limited and Barhale Construction Services Limited;
2. an omnibus guarantee and set off agreement dated 9 October 2017 among the bank, Barhale Limited, and Barhale Construction Services Limited;
3. a deposit agreement incorporating a charge dated 19 April 2018 from Barhale Limited over a cash deposit in one of its bank accounts;
4. an unlimited debenture dated 4 September 2017 from Barhale Limited;
5. an unlimited debenture dated 26 October 2007 from Barhale Limited;
6. a first legal charge, dated 4 January 2008, from Barhale Limited for Barhale House, Bescot Crescent, Walsall, WS1 4NN,
7. an unlimited debenture dated 4th September 2017 from Barhale Construction Services Limited, and
8. an unlimited debenture dated 9th October 2007 from Barhale Construction Services Limited.

Asset based lending is secured by a legal charge from IGF Business Credit ltd over the assets of the company.

Included in other creditors is £2,000 (30 June 2020: £28,000) relating to directors' loans.

The obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

The other loans are interest free, unsecured and have no fixed repayment terms.

19. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Net obligations under finance leases and hire purchase contracts	**169**	1,340	**-**	-
	169	1,340	**-**	-

The obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

20. Finance leases

Minimum payments under finance leases fall due as follows:

	2022 £000	2021 £000
Within one year	**701**	804
Between 1-5 years	**169**	1,340
	870	2,144

21. Deferred taxation

Group

	2022 £000	2021 £000
At beginning of year	**1,866**	1,668
Charged to profit or loss	**(941)**	198
At end of year	**925**	1,866

21. Deferred taxation (continued)

	Group 2022 £000	Group 2021 £000
Accelerated capital allowances	**(586)**	(597)
Tax losses carried forward	**1,456**	2,409
Other timing differences	**55**	54
	925	1,866

Company

The company has no deferred taxation.

22. Provisions

Group

	Group £000
At 1 July 2021	**7,656**
Charged to profit or loss	**(3,319)**
At 30 June 2022	**4,337**

In common with comparable construction businesses, the Group is involved in contentious issues in the ordinary course of business which may give rise to claims by clients.

Company

The company has no provisions

23. Share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
475,000 (2021 - 475,000) Ordinary shares of £1.00 each	**475**	475

There is one class of issued shares at the reporting date, Ordinary shares.

The ordinary shares have attached to them full voting rights and carry the right for the holder to receive notice of, and attend meetings of the Parent Company, the holder has the right to receive dividends.

24. Reserves

Revaluation reserve

The revaluation reserve contains all movements in the valuation of freehold property.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account contains current and prior periods retained profits and losses.

25. Analysis of net debt

	At 1 July 2021 £000	Cash flows £000	At 30 June 2022 £000
Cash at bank and in hand	**980**	**8,904**	**9,884**
Bank overdrafts and asset based lending	**(5,310)**	**(1,520)**	**(6,830)**
Debt due within 1 year	**(399)**	**(437)**	**(836)**
Finance leases	**(2,144)**	**1,273**	**(871)**
	(6,873)	**8,220**	**1,347**

26. Capital commitments

At 30 June 2022 the Group and Company had no capital commitments (2021: £Nil).

27. Pension commitments

The Group contributes into the personal pension plans of a number of employees. This scheme is a defined contribution money purchase scheme and the assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions paid by the Group to the fund and this amounted to £1,441,000 (30 June 2021: £1,385,000). Contributions totalling £219,806 (30 June 2021: £200,769) were payable to the fund at period end.

28. Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Group	2022 £000	2021 £000
Property		
Not later than 1 year	**190**	136
Later than 1 year and not later than 5 years	**657**	520
Later than 5 years	**387**	358
	1,234	1,014

	2022 £000	2021 £000
Motor vehicles		
Not later than 1 year	**747**	428
Later than 1 year and not later than 5 years	**1,401**	634
	2,148	1,062

Company

The company has no operating leases

29. Related party transactions

The Company has taken advantage of the exemption available within Section 33 of FRS 102 to not disclose transactions with other wholly owned members of the group headed by Barhale Holdings Plc.

Amounts due from related parties
During the year, assets with an open market value of £223,000 were sold in an arms length transaction to a company controlled by a director of another group company. At the reporting date, the amount owed from Kilkern Limited was £Nil.

At the reporting date, the group is owed £Nil (30 June 2021: £102,000) from Optimise Water LLP.

Amounts due to related parties
During the period, the Group was charged rentals amounting to £195,000 (30 June 2021: £195,000) from Barhale Construction Plc Pension Scheme, of which D A Curran is a trustee. At the reporting date, the Group owed £702,000 (30 June 2021: £546,000) to Barhale Construction Plc Pension Scheme.

Amounts owed to directors
Included within other creditors are amounts owed to D A Curran, a director, of £3,000 (30 June 2021: £2,000).

30. Controlling party

The ultimate controlling party is D A Curran.