

Company registration number 00415632 (England and Wales)

A E YATES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

A E YATES LIMITED

COMPANY INFORMATION

Directors Mr J C Whitehead
Mr P Boron
Mr S J Harrison
Mr G D Kilroy
Mr T P Nield
Miss V M Whitehead
Mr S J A Till (Appointed 1 October 2022)

Secretary Mr S J Harrison

Company number 00415632

Registered office Cranfield Road
Lostock Industrial Estate
Lostock
Bolton

Auditor Barlow Andrews LLP
Carlyle House
78 Chorley New Road
Bolton

A E YATES LIMITED

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A E YATES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year-end.

As a group of companies, we have experienced a very good set of results despite the challenging trading conditions in recent years. The standout result this year was from an exceptional performance from A E Yates Limited and SPI Piling Ltd.

A E Yates Limited (Parent company) chose to again focus more on our less risk market areas with an emphasis, as ever, on quality jobs with quality clients and established long term Frameworks, of course not neglecting our normal Civils markets.

At the moment we can say that results during the new financial year for most companies within the group are as expected and should contribute to a positive result at the end of August 2023. In particular, both active companies had an exceptional year. A E Yates Limited increased turnover to £64.1m from £35.4m, although the PBIT has fallen to £1.69m (2021: £1.86m). The turnover of SPI Piling Ltd decreased slightly to £17.8m (2021: £18.0m), a fall of circa 1.10%.

We feel that our performances for the forthcoming financial year should be satisfactory for most areas of our business. We feel confident in the marketplace for the remainder of 2022-2023 and through to the end of 2024. Through the diversity of our business profile and markets, and our financial strength, we feel well placed to maintain the levels of our performance to the end of the next financial year. We hope to achieve turnover at levels commensurate with the current marketplace and improve our markets shares, over the next few years, in the energy, road infrastructure, industrial/commercial and ground stabilisation markets. The impact on our business of the current economic climate has been negligible.

We remain focussed on the newer markets which should provide the company with potential growth and satisfactory margins. Within the previous years there were notable successes in achieving awards on to two Frameworks for National Highways and an Environment agency framework-FRCM.

Our Energy/Power division has continued to make impressive inroads into the regional electricity sector and has maintained our strong presence in the renewables and waste management market.

Maintenance of cash and our management of our liquidity will, as ever, be of paramount importance. Capital expenditure on some replacement and additions to key plant items will occur during the 2022/23 calendar year and the 2023/24 years, particularly with the ongoing HS2 contracts.

We have accreditation in Investors in People and we strive to maintain and improve this process. Around 99% of our site staff and operatives hold Construction Skills Certificate scheme cards and similarly we hold the ISO 9001/2000 (Quality Assurance) accreditation and achieved ISO 14001 (Environmental) accreditation during the latter part of 2009, followed by ISO 18001 (Health and Safety) in the early part of 2010.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Group as a whole, these being turnover, gross margin and operating profit. The AE Yates consolidated turnover was £80.0m (2021: £50.9m), an undoubted success, particularly given the current economic climate. Group gross margin attained has fallen slightly to 13.8% (2021: 16.7%). Profit before tax was £2,259,090 (2.8%) (2021: £2,789,540 / 5.5%). We are satisfied with the overall result but ever mindful of keeping our focus for the coming years activities. Group cash/bank balances were £6.0m (2021: £3.7m).

Our business continuity plans are well advanced to operate successfully in the continuing economic crisis.

A E YATES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties

The main impactors on our business remain the same, being the uncertainties of the general global economic outlook on the industry, any lingering legacy issues from the Pandemic, the post Brexit era and the Russian invasion of the Ukraine.

Financial risk management objectives and policies

The company does not operate specific policies to manage its financial risk as the directors consider such information immaterial to the assessment of the company's assets, liabilities, financial position or profit and loss of the company.

Development and performance

There are no immediate plans to acquire businesses other than to continue to improve our market share within the Industrial/Commercial/Developer and Power and Energy markets. We have put together an experienced team to grow our existing success in the renewables industries and also the industrial/commercial markets. At the very least we hope to maintain turnover and margins in the next financial year. As at the date of this report the current order book remains very encouraging.

Environmental impact

Since 2008 we have calculated our Carbon footprint and this data has been published, since 2020, on the Princes Trust Mayday Network. We have recently written and published our Waste Minimisation and Recycling Policy statement which affirms our commitment to applying the Waste Hierarchy of: Reduce-Re-Use-Recycle-Recover-Disposal, whereby disposal to landfill is an absolute last resort. Whenever possible and practicable we will segregate waste streams on site.

Where practicable we source locally both materials and labour which serves to reduce the transport component of our Carbon Footprint. Our group HSQE manager has attended a series of workshops with the aim to introduce a procedure for Sustainable Procurement based on BS 8903 2010 principles.

Health and Safety and the maintenance and improvement of safe systems of work are as ever a major priority. We remain committed to our environmental targets including the use of biodegradable oils in the majority of our plant and machinery. The reduction of waste both in our site and office operations is an imperative. We are aware of our environmental responsibilities and will continue to control our processes to further reduce our carbon footprint and minimise any damaging aspects of our activities.

Our stakeholders - Employee Owned Trust

A E Yates Limited is controlled by an Employee Ownership Trust which owns 75% of the company, giving all employees an indirect stake in the business in perpetuity. The A E Yates EOT Board of Directors entrust the management of the business to the A E Yates management board, who consult with the trustees on a regular basis about the performance and running of the business and other important operational changes to the business.

A E YATES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Promoting the success of the company

The board of directors of A E Yates consider that they have acted in a way that would be most likely to promote the success of the group for the benefit of its members as a whole in its decision making, and in doing so have considered the statutory duties as follows:

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

From the perspective of the A E Yates Board, as a result of the group's governance structure, the matters that the group is responsible for under Section 172(1) of the Companies Act 2006 ("s172"), as above, have been considered to an appropriate extent by the board in relation to both the group and to A E Yates Limited.

On behalf of the board

Mr S J Harrison
Director

21 April 2023

A E YATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

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

Principal activities

The principal activity of the group during this and the previous year continued to be that of a civil engineering contractor engaged in public and private sector works. These largely comprise water and waste infrastructure schemes, roads, bridges, drainage, flood alleviation, environmental improvements, urban renewal schemes and steel and concrete pile installation projects.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mr J C Whitehead

Mr P Boron

Mr S J Harrison

Mr G D Kilroy

Mr T P Nield

Mr N D McLeod

(Resigned 1 August 2022)

Miss V M Whitehead

Mr S J A Till

(Appointed 1 October 2022)

Auditor

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

Energy and carbon report

Due to the commercial sensitivity of the specific disclosures to companies operating in energy intensive sectors the group has taken the exemption available from disclosing this information on the grounds that the directors consider that this would be seriously prejudicial to the interests of the group.

However, the group has undertaken numerous energy efficient improvement measures over the last few years, including converting several of the groups motor vehicles to electric and ensuring the most efficient energy consumption usage for all of its site operated plant and machinery.

Details of the groups environmental impact is covered within the strategic report.

Strategic report

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

A E YATES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Statement of disclosure to auditor

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

On behalf of the board

Mr S J Harrison
Director

21 April 2023

A E YATES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

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

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

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

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

A E YATES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A E YATES LIMITED

Opinion

We have audited the financial statements of A E Yates Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 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 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

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

A E YATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A E YATES LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the construction sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

A E YATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A E YATES LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Burton (Senior Statutory Auditor)
For and on behalf of Barlow Andrews LLP

21 April 2023

Chartered Accountants
Statutory Auditor

Carlyle House
78 Chorley New Road
Bolton

A E YATES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	80,027,766	50,914,044
Cost of sales		(68,985,941)	(42,410,053)
Gross profit		11,041,825	8,503,991
Administrative expenses		(8,786,365)	(5,736,426)
Other operating income		31,973	40,000
Operating profit	4	2,287,433	2,807,565
Interest receivable and similar income	7	34	123
Interest payable and similar expenses	8	(28,377)	(18,148)
Profit before taxation		2,259,090	2,789,540
Tax on profit	10	(636,512)	(341,858)
Profit for the financial year		1,622,578	2,447,682

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

A E YATES LIMITED

GROUP BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Goodwill	11		69,953		139,912
Tangible assets	12		7,884,947		7,817,447
Investment properties	13		354,700		354,700
			<u>8,309,600</u>		<u>8,312,059</u>
Current assets					
Stocks	18	3,070,091		2,732,091	
Debtors	17	16,429,128		13,332,969	
Cash at bank and in hand		5,986,026		3,704,891	
		<u>25,485,245</u>		<u>19,769,951</u>	
Creditors: amounts falling due within one year	19	<u>(19,218,326)</u>		<u>(14,734,257)</u>	
Net current assets			<u>6,266,919</u>		<u>5,035,694</u>
Total assets less current liabilities			<u>14,576,519</u>		<u>13,347,753</u>
Creditors: amounts falling due after more than one year	20		(670,942)		(386,252)
Provisions for liabilities					
Deferred tax liability	23	(901,361)		(579,863)	
		<u>(901,361)</u>	<u>(901,361)</u>	<u>(579,863)</u>	<u>(579,863)</u>
Net assets			<u>13,004,216</u>		<u>12,381,638</u>
Capital and reserves					
Called up share capital	25		10,000		10,000
Share premium account			2,666		2,666
Profit and loss reserves			12,991,550		12,368,972
			<u>13,004,216</u>		<u>12,381,638</u>
Total equity			<u>13,004,216</u>		<u>12,381,638</u>

The financial statements were approved by the board of directors and authorised for issue on 21 April 2023 and are signed on its behalf by:

Mr J C Whitehead
Director

Mr S J Harrison
Director

Company registration number 00415632 (England and Wales)

A E YATES LIMITED

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	5,183,820		5,050,809	
Investment properties	13	354,700		354,700	
Investments	14	2,530,446		2,530,446	
		<u>8,068,966</u>		<u>7,935,955</u>	
Current assets					
Stocks	18	552,144		545,021	
Debtors	17	11,294,722		10,810,351	
Cash at bank and in hand		5,985,996		3,379,791	
		<u>17,832,862</u>		<u>14,735,163</u>	
Creditors: amounts falling due within one year	19	<u>(11,608,959)</u>		<u>(9,223,434)</u>	
Net current assets		<u>6,223,903</u>		<u>5,511,729</u>	
Total assets less current liabilities		<u>14,292,869</u>		<u>13,447,684</u>	
Creditors: amounts falling due after more than one year	20	(200,649)		(193,489)	
Provisions for liabilities					
Deferred tax liability	23	<u>(444,878)</u>		<u>(260,838)</u>	
		<u>(444,878)</u>		<u>(260,838)</u>	
Net assets		<u>13,647,342</u>		<u>12,993,357</u>	
Capital and reserves					
Called up share capital	25	10,000		10,000	
Share premium account		2,666		2,666	
Profit and loss reserves		13,634,676		12,980,691	
Total equity		<u>13,647,342</u>		<u>12,993,357</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,653,985 (2021 - £3,177,827 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 April 2023 and are signed on its behalf by:

Mr J C Whitehead
Director

Mr S J Harrison
Director

Company registration number 00415632 (England and Wales)

A E YATES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 September 2020	10,000	2,666	13,171,290	13,183,956
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	2,447,682	2,447,682
Capital contribution to EOT	-	-	(3,250,000)	(3,250,000)
Balance at 31 August 2021	10,000	2,666	12,368,972	12,381,638
Year ended 31 August 2022:				
Profit and total comprehensive income for the year	-	-	1,622,578	1,622,578
Capital contribution to EOT	-	-	(1,000,000)	(1,000,000)
Balance at 31 August 2022	10,000	2,666	12,991,550	13,004,216

A E YATES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 September 2020	10,000	2,666	13,052,864	13,065,530
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	3,177,827	3,177,827
Capital contribution to EOT	-	-	(3,250,000)	(3,250,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2021	10,000	2,666	12,980,691	12,993,357
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 31 August 2022:				
Profit and total comprehensive income for the year	-	-	1,653,985	1,653,985
Capital contribution to EOT	-	-	(1,000,000)	(1,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2022	10,000	2,666	13,634,676	13,647,342
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A E YATES LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28		2,172,419		(354,606)
Interest paid			(28,377)		(18,148)
Income taxes paid			(19,802)		(404,952)
Net cash inflow/(outflow) from operating activities			<u>2,124,240</u>		<u>(777,706)</u>
Investing activities					
Purchase of tangible fixed assets		189,808		(1,323,890)	
Proceeds from disposal of tangible fixed assets		212,980		965,731	
Interest received		34		123	
Net cash generated from/(used in) investing activities			<u>402,822</u>		<u>(358,036)</u>
Financing activities					
Amounts received from related parties		1,000,000		-	
Payment of finance leases obligations		(824,784)		(584,842)	
Capital contribution to EOT		(1,000,000)		(3,250,000)	
Net cash used in financing activities			<u>(824,784)</u>		<u>(3,834,842)</u>
Net increase/(decrease) in cash and cash equivalents			<u>1,702,278</u>		<u>(4,970,584)</u>
Cash and cash equivalents at beginning of year			<u>2,325,176</u>		<u>7,295,760</u>
Cash and cash equivalents at end of year			<u><u>4,027,454</u></u>		<u><u>2,325,176</u></u>
Relating to:					
Cash at bank and in hand			5,986,026		3,704,891
Bank overdrafts included in creditors payable within one year			<u>(1,958,572)</u>		<u>(1,379,715)</u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

A E Yates Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Cranfield Road, Lostock Industrial Estate, Lostock, Bolton.

The group consists of A E Yates Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of A E Yates Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 August 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.4 Going concern

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

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

In respect of ongoing services, turnover represents the value of work done in the year, including estimates of amounts not yet invoiced. Turnover in respect on ongoing services is recognised by reference to the stage of completion.

Amounts recoverable on contracts are assessed on a contract to contract basis and reflected in the profit and loss account as contract activity progresses - see the accounting policy on construction contracts for further details.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.7 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Plant and equipment	15/20/25% reducing balance
Fixtures and fittings	15/50% reducing balance
Motor vehicles	15/20/25% reducing balance

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

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment loss or reversal of impairment loss are recognised immediately in the profit and loss account.

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

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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

1.12 Construction contracts

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

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

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

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.13 Cash and cash equivalents

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

1.14 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from related companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

Derecognition of financial liabilities

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

1.15 Equity instruments

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

1.16 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences. Such liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

1.18 Retirement benefits

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

1.19 Leases

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

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

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Construction contract revenue	76,040,675	45,526,355
Plant hire and other income	3,987,091	5,387,689
	<u>80,027,766</u>	<u>50,914,044</u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	80,027,766	50,914,044
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other revenue		
Interest income	34	123
	<u> </u>	<u> </u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	698,167	722,959
Depreciation of tangible fixed assets held under finance leases	371,127	222,980
Profit on disposal of tangible fixed assets	(161,723)	(440,601)
Amortisation of intangible assets	69,959	69,959
	<u> </u>	<u> </u>

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Management and administrative staff	92	87	69	66
Operatives	89	90	58	62
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	181	177	127	128
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	10,620,594	10,214,636	7,491,213	7,115,898
Social security costs	1,188,603	1,071,385	817,998	745,744
Pension costs	422,015	363,485	316,596	265,766
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,231,212	11,649,506	8,625,807	8,127,408
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6 Auditor's remuneration	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	23,550	20,875
Audit of the financial statements of the company's subsidiaries	16,500	15,000
	<u>40,050</u>	<u>35,875</u>
	<u><u>40,050</u></u>	<u><u>35,875</u></u>
7 Interest receivable and similar income	2022	2021
	£	£
Interest income		
Interest on bank deposits	34	123
	<u>34</u>	<u>123</u>
	<u><u>34</u></u>	<u><u>123</u></u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	34	123
	<u>34</u>	<u>123</u>
	<u><u>34</u></u>	<u><u>123</u></u>
8 Interest payable and similar expenses	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	159
Other finance costs:		
Interest on finance leases and hire purchase contracts	28,377	17,989
	<u>28,377</u>	<u>17,989</u>
Total finance costs	<u>28,377</u>	<u>18,148</u>
	<u><u>28,377</u></u>	<u><u>18,148</u></u>
9 Directors' remuneration	2022	2021
	£	£
Remuneration for qualifying services	1,103,932	1,021,632
Company pension contributions to defined contribution schemes	47,621	43,530
	<u>1,151,553</u>	<u>1,065,162</u>
	<u><u>1,151,553</u></u>	<u><u>1,065,162</u></u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2021 - 6).

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	314,277	310,886
Company pension contributions to defined contribution schemes	11,093	7,864
	<u>325,370</u>	<u>318,750</u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	313,606	246,368
Adjustments in respect of prior periods	1,408	(175,772)
Total current tax	<u>315,014</u>	<u>70,596</u>
Deferred tax		
Origination and reversal of timing differences	<u>321,498</u>	<u>271,262</u>
Total tax charge	<u>636,512</u>	<u>341,858</u>

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

	2022	2021
	£	£
Profit before taxation	<u>2,259,090</u>	<u>2,789,540</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	429,227	530,013
Tax effect of expenses that are not deductible in determining taxable profit	2,228	22,358
Adjustments in respect of prior years	1,408	2,202
Permanent capital allowances in excess of depreciation	221,084	35,682
Amortisation on assets not qualifying for tax allowances	13,292	13,291
Research and development tax credit	-	(177,974)
Gains and losses on fixed asset disposals	<u>(30,727)</u>	<u>(83,714)</u>
Taxation charge	<u>636,512</u>	<u>341,858</u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 September 2021 and 31 August 2022	1,019,938
Amortisation and impairment	
At 1 September 2021	880,026
Amortisation charged for the year	69,959
At 31 August 2022	949,985
Carrying amount	
At 31 August 2022	69,953
At 31 August 2021	139,912

The company had no intangible fixed assets at 31 August 2022 or 31 August 2021.

12 Tangible fixed assets

Group	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 September 2021	3,378,151	12,080,448	1,002,615	2,285,493	18,746,707
Additions	58,281	680,548	83,690	365,532	1,188,051
Disposals	-	(2,493,703)	-	(433,273)	(2,926,976)
Transfers	-	(18,188)	-	18,188	-
At 31 August 2022	3,436,432	10,249,105	1,086,305	2,235,940	17,007,782
Depreciation and impairment					
At 1 September 2021	377,072	8,788,893	865,840	897,455	10,929,260
Depreciation charged in the year	43,675	574,798	87,937	362,884	1,069,294
Eliminated in respect of disposals	-	(2,490,493)	-	(385,226)	(2,875,719)
At 31 August 2022	420,747	6,873,198	953,777	875,113	9,122,835
Carrying amount					
At 31 August 2022	3,015,685	3,375,907	132,528	1,360,827	7,884,947
At 31 August 2021	3,001,079	3,291,555	136,775	1,388,038	7,817,447

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

12 Tangible fixed assets (Continued)

Company	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2021	3,378,151	6,421,881	938,436	1,839,774	12,578,242
Additions	58,281	264,733	83,690	332,477	739,181
Disposals	-	(2,493,703)	-	(383,689)	(2,877,392)
Transfers	-	(18,188)	-	18,188	-
At 31 August 2022	<u>3,436,432</u>	<u>4,174,723</u>	<u>1,022,126</u>	<u>1,806,750</u>	<u>10,440,031</u>
Depreciation and impairment					
At 1 September 2021	377,072	5,577,379	805,813	767,169	7,527,433
Depreciation charged in the year	43,675	158,256	87,314	284,019	573,264
Eliminated in respect of disposals	-	(2,490,493)	-	(353,993)	(2,844,486)
At 31 August 2022	<u>420,747</u>	<u>3,245,142</u>	<u>893,127</u>	<u>697,195</u>	<u>5,256,211</u>
Carrying amount					
At 31 August 2022	<u>3,015,685</u>	<u>929,581</u>	<u>128,999</u>	<u>1,109,555</u>	<u>5,183,820</u>
At 31 August 2021	<u>3,001,079</u>	<u>844,502</u>	<u>132,623</u>	<u>1,072,605</u>	<u>5,050,809</u>

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	1,411,650	592,254	247,269	119,757
Fixtures and fittings	-	23,930	-	23,930
Motor vehicles	680,063	758,915	605,696	666,149
	<u>2,091,713</u>	<u>1,375,099</u>	<u>852,965</u>	<u>809,836</u>

Depreciation charge for the year in respect of leased assets

371,127	222,980	163,139	145,314
<u>371,127</u>	<u>222,980</u>	<u>163,139</u>	<u>145,314</u>

The directors carry out an annual review of the value of the plant and machinery class of fixed assets. This class was last revalued as at 31st August 1995.

There is no revaluation surplus on the uplift in plant and machinery and as such assets in this class are now valued at historic cost.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

13 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 September 2021 and 31 August 2022	354,700	354,700

The fair value of the investment property has been arrived at on the basis of a valuation carried out on 10th October 2014 by Edward Symonds LLP Chartered Surveyors, who are not connected to the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. Any change in open market value since that date is not considered material by the directors' and therefore, no change in valuation is felt necessary.

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	2,530,446	2,530,446

15 Subsidiaries

Details of the company's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Appleton Piling Limited	Dormant	Ordinary	0	100.00
Construction Supplies (Adlington) Limited	Dormant	Ordinary	85.00	0
SPI McGrattan Piling Limited	Dormant	Ordinary	100.00	0
SPI Appleton Limited	Dormant	Ordinary	0	100.00
SPI Piling Limited	Steel Pile Installations	Ordinary	100.00	0
Tritech Piling and Foundations Limited	Piling and Geotechnical Process	Ordinary	75.00	0

All above subsidiaries share the same registered office of Cranfield Road, Lostock Industrial Estate, Lostock Bolton, Lancashire, BL6 4SB

16 Construction contracts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Contracts in progress at the reporting date				
Gross amounts owed by contract customers included in debtors	14,840,526	10,704,227	10,048,038	8,753,614
Retentions held by customers	2,967,174	2,231,144	2,560,738	1,930,712

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Debtors		Group	2021	Company	2021
		2022		2022	
		£	£	£	£
Amounts falling due within one year:					
Trade debtors		544,979	1,647,891	525,251	1,129,015
Gross amounts owed by contract customers		14,840,526	10,704,227	10,048,038	8,753,614
Corporation tax recoverable		-	177,974	-	57,719
Amounts owed by group undertakings		-	-	160,262	475,531
Other debtors		483,026	405,987	1,850	1,850
Prepayments and accrued income		560,597	396,890	559,321	392,622
		<u>16,429,128</u>	<u>13,332,969</u>	<u>11,294,722</u>	<u>10,810,351</u>
18 Stocks					
		Group	2021	Company	2021
		2022		2022	
		£	£	£	£
Finished goods and goods for resale		<u>3,070,091</u>	<u>2,732,091</u>	<u>552,144</u>	<u>545,021</u>
19 Creditors: amounts falling due within one year					
		Group	2021	Company	2021
		2022		2022	
		£	£	£	£
	Notes				
Bank loans and overdrafts	22	1,958,572	1,379,715	-	-
Obligations under finance leases	21	755,721	487,336	354,280	291,186
Other borrowings	22	1,050,050	50,050	1,000,050	50
Trade creditors		6,938,095	5,134,221	3,016,267	3,533,510
Corporation tax payable		313,606	196,368	241,202	196,368
Other taxation and social security		1,605,721	973,953	1,497,283	870,073
Accruals and deferred income		6,596,561	6,512,614	5,499,877	4,332,247
		<u>19,218,326</u>	<u>14,734,257</u>	<u>11,608,959</u>	<u>9,223,434</u>
20 Creditors: amounts falling due after more than one year					
		Group	2021	Company	2021
		2022		2022	
		£	£	£	£
	Notes				
Obligations under finance leases	21	<u>670,942</u>	<u>386,252</u>	<u>200,649</u>	<u>193,489</u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	755,721	487,336	354,280	291,186
In two to five years	670,942	386,252	200,649	193,489
	<u>1,426,663</u>	<u>873,588</u>	<u>554,929</u>	<u>484,675</u>

Finance lease payments represent rentals payable by the company for motor vehicles and certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Those assets held under finance leases are secured against the assets in which they relate to.

22 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank overdrafts	1,958,572	1,379,715	-	-
Loans from related parties	1,000,050	50	1,000,050	50
Other loans	50,000	50,000	-	-
	<u>3,008,622</u>	<u>1,429,765</u>	<u>1,000,050</u>	<u>50</u>
Payable within one year	<u>3,008,622</u>	<u>1,429,765</u>	<u>1,000,050</u>	<u>50</u>

The short and long term bank borrowings are secured by way of an unlimited intercompany guarantee with all other group companies, as well as with the related companies detailed in the related party transactions note to the accounts.

The bank borrowings are also secured by first legal charges over all company owned land and buildings situated on Cranfield Road, Lostock, Bolton, as well as a debenture covering all the assets of A E Yates Limited.

Other short term loans represent amounts due to related companies and terms of the debt can be found in the related party transactions note to the accounts.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

23 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
	£	£
Group		
Accelerated capital allowances	901,361	579,863
	<u> </u>	<u> </u>
	Liabilities 2022	Liabilities 2021
	£	£
Company		
Accelerated capital allowances	444,878	260,838
	<u> </u>	<u> </u>
	Group 2022	Company 2022
	£	£
Movements in the year:		
Liability at 1 September 2021	579,863	260,838
Charge to profit or loss	129,572	101,670
Effect of change in tax rate - profit or loss	191,926	82,370
	<u> </u>	<u> </u>
Liability at 31 August 2022	901,361	444,878
	<u> </u>	<u> </u>

The deferred tax liability set out above is expected to reverse in future years and relates to accelerated capital allowances that are expected to mature over the same period.

24 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	422,015	363,485
	<u> </u>	<u> </u>

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

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

25 Share capital

	Group and company	
	2022	2021
	£	£
Ordinary share capital		
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>

All ordinary shares come attached with full voting rights and equal rights to dividends.

26 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption from disclosure of eliminated fellow group member transactions.

Members of the Trenchless Holdings Limited group, A E Yates Directional Drilling Limited, Combined Soil Stabilisation Limited, Side Grip Piling Limited and Trittech Ground Engineering Limited are related by virtue of the fact they have common key management personnel who exercise significant influence over the entities.

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

	Sales 2022	Sales 2021	Purchases 2022	Purchases 2021
	£	£	£	£
Group				
Entities with control, joint control or significant influence over the group	-	3,118,974	-	95,404
Entities controlled by the ultimate controlling party's family	-	392,736	-	118,272
Entities with common key management personnel	4,047,619	-	131,678	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
Entities with control, joint control or significant influence over the company	-	3,049,750	-	38,856
Entities controlled by the ultimate controlling party's family	-	392,736	-	79,361
Entities with common key management personnel	3,968,781	-	43,590	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

26 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022	2021
	£	£
Group		
Entities controlled by the ultimate controlling party's family	-	10,965
Entities with common key management personnel	802,741	-
	<u>802,741</u>	<u>-</u>
Company		
Entities with common key management personnel	802,741	-
	<u>802,741</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022	2021
	Balance	Balance
	£	£
Group		
Entities with control, joint control or significant influence over the group	-	976,920
Entities controlled by the ultimate controlling party's family	-	132,294
Entities with common key management personnel	300,473	-
	<u>300,473</u>	<u>-</u>
Company		
Entities with control, joint control or significant influence over the company	-	951,549
Entities controlled by the ultimate controlling party's family	-	132,294
Entities with common key management personnel	298,426	-
	<u>298,426</u>	<u>-</u>

The balances due to and from related parties represent the total of trading balances as well as any intercompany current accounts. All such balances are interest free and repayable on demand.

The company's bankers hold an intercompany guarantee between all group companies as well as other related parties being Trenchless Holdings Limited, A E Yates Trenchless Solutions Limited, A E Yates Trenchless Plant Limited and Combined Soil Stabilisation Limited.

27 Controlling party

The company, and therefore the group, is under the control of an Employee Ownership Trust, A E Yates (EOT) Limited, who owns 75% of the group.

A E YATES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

28 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Profit for the year after tax	1,622,578	2,447,682
Adjustments for:		
Taxation charged	636,512	341,858
Finance costs	28,377	18,148
Investment income	(34)	(123)
Gain on disposal of tangible fixed assets	(161,723)	(440,601)
Amortisation and impairment of intangible assets	69,959	69,959
Depreciation and impairment of tangible fixed assets	1,069,294	945,939
Movements in working capital:		
Increase in stocks	(338,000)	(110,679)
(Increase)/decrease in debtors	(3,274,133)	263,723
Increase/(decrease) in creditors	2,519,589	(3,890,512)
Cash generated from/(absorbed by) operations	<u>2,172,419</u>	<u>(354,606)</u>

29 Analysis of changes in net funds - group

	1 September 2021 £	Cash flows £	New finance leases £	31 August 2022 £
Cash at bank and in hand	3,704,891	2,281,135	-	5,986,026
Bank overdrafts	(1,379,715)	(578,857)	-	(1,958,572)
	<u>2,325,176</u>	<u>1,702,278</u>	<u>-</u>	<u>4,027,454</u>
Borrowings excluding overdrafts	(50,050)	(1,000,000)	-	(1,050,050)
Obligations under finance leases	(873,588)	824,784	(1,377,859)	(1,426,663)
	<u>1,401,538</u>	<u>1,527,062</u>	<u>(1,377,859)</u>	<u>1,550,741</u>

30 Analysis of changes in net funds - company

	1 September 2021 £	Cash flows £	New finance leases £	31 August 2022 £
Cash at bank and in hand	3,379,791	2,606,205	-	5,985,996
Borrowings excluding overdrafts	(50)	(1,000,000)	-	(1,000,050)
Obligations under finance leases	(484,675)	438,118	(508,372)	(554,929)
	<u>2,895,066</u>	<u>2,044,323</u>	<u>(508,372)</u>	<u>4,431,017</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.