

Erith Contractors Limited

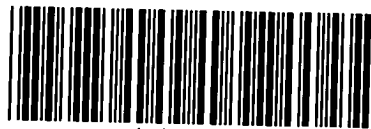
Report and Financial Statements

Year Ended

30 September 2022

Company Number 1102060

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Erith Contractors Limited

Report and financial statements
for the year ended 30 September 2022

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Directors

T Darsey
D J Darsey – resigned 01/06/2022
B Menzies – resigned 03/01/2023
V Stokes
S May

Secretary and registered office

S T Darsey, Erith House, Queen's Street, Erith, Kent, DA8 1RP

Company number

1102060

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Erith Contractors Limited

Strategic report
for the year ended 30 September 2022

Review of the business

Erith Holdings Limited, Erith Contractors Limited, Erith Haulage Company Limited, Erith Plant Services Limited, Erith Training Limited, Erith Business Solutions Limited and Swanton Consulting Limited are a group of private companies ('Erith Group') specialising in various civil engineering activities, including asbestos removal, demolition, land remediation and related ground works, haulage, landfill operations, waste handling and recycling.

Our Integrated Management System (IMS) applies to asbestos removal, demolition, land remediation and related ground works.

The Erith Group is committed to long-term customer partnership, a central feature of which is the provision of service for all its customers based upon a multi-disciplined, skill-based approach. All contracts are specifically tailored to the nature of the work required and the specific requirements of the customer. The IMS ensures that all quality, health and safety and environmental issues relevant to each contract are considered as part of the overall contract planning and remain as core issues within the management of that contract. Erith Contractors Limited is certificated to ISO 9001:2015, ISO 14001:2015, ISO 39001:2012 and to ISO 45001:2019.

The Erith Group's stated policy is to:

- Plan with customers to identify their relevant quality criteria and to deliver and surpass them within stated time and cost constraints, by using reliable yet innovative low carbon technologies.
- Meet and exceed client expectations by continually improving the quality of our services.
- Deliver a quality, profitable service whilst being focused on health, safety and the wellbeing of our employees.
- Build a collaborative relationship with our clients, ensuring long term success based on respect, integrity, openness and fairness.
- Regularly review business performance and continually improve through the setting, achieving and exceeding health and safety, quality and environmental objectives and targets.
- Comply with all relevant legislation as a minimum and work towards excellence using best practice.
- Eliminate fatal risks, design out hazards; undertake rigorous risk assessment procedures and implement/monitor mitigation measures and make employee safety and wellbeing central to every project.
- Routinely assess the health and safety risks presented to employees, clients, subcontractors, visitors and the general public on all projects and minimise such risks as far as reasonably practicable.
- Minimise our environmental impacts by considering the whole life environmental costs and benefits in our business decisions.
- Ensure that our employees have the necessary training, skills and resources to meet our environmental performance.
- Require all subcontractors to demonstrate commitment to stewardship of the environment and we will create and opportunity for sharing best practice for environmental performance.
- Publish our performance for employees and members of the public and encourage them to comment on our performance.
- Provide the visible senior management leadership for promoting environmental performance integrated within our work and commits the appropriate resources to achieve the environmental goals.
- Respect the environmental status and biodiversity of where we work, and endeavour to enhance these areas for the benefit of the local community.
- Ensure that all policies and business practices are clearly communicated to all employees, and to others working on the company's behalf, by appropriate briefings and training.

We will regularly review our policies, practices and control measures and update as appropriate.

Erith Contractors Limited

Strategic report for the year ended 30 September 2022 (continued)

Performance

The results for the year are in-line with forecasted results.

The company statement of comprehensive income is set out on page 12 and shows turnover for the year of £191,054,513 and a pre tax profit of £3,368,410.

Turnover increased by 17.0% against last year mainly due to a recovering workload.

Gross profit margin fell to 7.7% from last year's 9.6%. The market remains highly competitive coupled with a challenging economic climate.

Interim dividends of £2,000,000 (2021 - £5,000,000) were paid during the year. The directors do not recommend payment of a final dividend (2021 - £Nil).

There have been no events since the date of these accounts which would materially affect the position of the company.

Key performance indicators

	2022	2021
Turnover from continuing operations (£'000)	191,055	163,348

As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our business strategies.

Gross margin from continuing operations (%)	7.7	9.6
Gross margin from continuing operations (£'000)	14,639	15,752

Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the company, reflecting the quality of the service provided by Erith Contractors.

Net margin from continuing operations (%)	1.8	3.3
Net margin from continuing operations (£'000)	3,368	5,407

Net margin provides an indication of the efficiency of Erith Contractors Limited, the level of shareholder return and the success of our business strategies.

Erith Contractors Limited

Strategic report
for the year ended 30 September 2022 (continued)

Principal risks and uncertainties

The market for demolition remains highly competitive with both smaller businesses fostering strong local reputations and larger PLCs competing on price. The company seeks to maintain its history of strong growth by competing aggressively on price while providing added value to its customers. It is anticipated that as the reputation of the business continues to grow this will foster further opportunities for the business in the future. The company is also able to maintain strong relationships at a local level with all its customer and suppliers.

The main financial risks arising from the company's activities are credit risk and liquidity risk. These are constantly monitored by the board of directors.

All new customers and existing accounts that are growing rapidly are subjected to a detailed credit risk analysis to minimise the company's exposure to bad debt. Payment patterns are closely monitored to identify the early stages of payment difficulties.

The company's policy in respect of interest rate and liquidity risk is to limit their exposure to variable rate borrowing and fix the rates of interest of assets acquired through finance. Fixed asset acquisitions are primarily funded via leasing agreements in order to maintain sufficient medium term finance to ensure that the company has sufficient funds for future operations.

The company monitors its cashflow as part of its regular day to day control procedures. The board considers cash flow projections and ensures that appropriate facilities are available to be drawn upon as necessary.

The company recognises its obligations to consider all relevant quality, health and safety and environmental issues in its dealings with its customers, employees, suppliers and the general public. Compliance with all relevant legislation is monitored by the board of directors as part of its regular meetings.

Companies Act 2006 S172

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the company. The directors have continuing regard as to the interest of the company's employees and other stakeholders, the impact of its activities on the community, the environment and the company's reputation for good business conduct.

The Erith Group is a family controlled business ultimately owned by an Employee Ownership Trust, intrinsically linking our employees and shareholders.

Stakeholders	Stakeholder engagement
Shareholders	We are ultimately owned by each employee through an Employee Ownership Trust. Communications through letters, bulletins, Erith TV and our intranet site occur throughout the year.
Long term Strategy	The board is responsible for establishing the strategies and long-term vision for the Group and ensuring these are communicated and aligned across the business. Our five year Strategic Objectives and Targets covers Occupational Safety, Health and Wellbeing, Environmental and Customer Satisfaction, initially set in November 2020, are annually reviewed and updated.

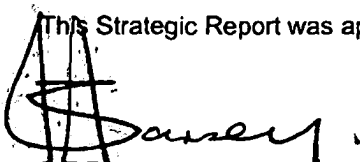
Erith Contractors Limited

Strategic report
for the year ended 30 September 2022 (continued)

Companies Act 2006 S172 (continued)

Employees	<p>The skills, commitment and loyalty of our employees are fundamental to our business. The Board continues to strive to protect both the safety and wellbeing of our staff as well as safeguarding the business for the future.</p> <p>Our strategic goal is to embed Health, Safety and Wellbeing into the ethos of our business and we are in the process of ensuring all staff are trained as mental health first aiders so they can self-monitor as well as look out for each other.</p>
Contractors and Suppliers	<p>We carefully vet all our contractors/suppliers to ensure that they have the relevant experience, financial standing and resources to undertake the contracts we award to them. Our supply chain is continually monitored to ensure we are reaching the high standards required by us and our customers.</p>
Customers	<p>We aim to develop strong, long-lasting and collaborative relationships with all our customers. We strive to continually improve the quality of our services.</p> <p>Our strategic goal is be considered Best in class / Contractor of choice.</p>
Environmental and Social	<p>The Erith Group is committed to operate in an environmentally responsible manner. Our five year strategic goals are to be recognised as market leader in green construction activities and to achieve carbon reduction in line with the science-based targets initiative with our 2022 SECR setting the baseline for these improvements.</p>
Business Conduct	<p>Strategic plans considered and implemented by the Board are designed to ensure that The Erith Group maintains the highest standards of business conduct, which this year includes the introduction of a compliance manager and compliance platform.</p>

This Strategic Report was approved by order of the Board


S/T Dorsey
Secretary

Date: 30/06/2023

Erith Contractors Limited

Directors' report for the year ended 30 September 2022

The directors present their report together with the audited financial statements for the year ended 30 September 2022.

Principal activities and future developments

The principal activity of the company during the year was that of contract demolition.

The directors are optimistic about the year ahead despite believing that the challenging economic climate will continue into the new year.

Results

The company statement of comprehensive income is set out on page 12 and shows turnover for the year of £191,054,513 (2021 - £163,348,539) and a pre-tax profit of £3,368,410 (2021 - £5,407,000).

Further details, including a review of the business, are included within the Strategic Report on page 1.

Directors

The directors of the company during the year were:

T Darsey
D J Darsey – resigned 01/06/2022
B Menzies – resigned 03/01/2023
V Stokes
S May

Erith Contractors Limited

Directors' report for the year ended 30 September 2022 (continued)

Energy and Carbon emissions reporting

Reporting Period

This report covers the consumption and emissions arising for the wider Erith Group for the period October 2021 to September 2022.

UK Energy Use and GHG Emissions

The tables and graphs below detail the energy used by Erith Holdings Ltd. in their business activities involving the purchase of electricity and business mileage in both kWh and tCO₂e. They also detail the total energy and emissions by scope and as a total.

Type of activity	Comparison Year Energy Usage kWh (Oct 19- Sep 20)	Oct 20 - Sep 21 Energy Usage (kWh)	REPORTING YEAR Oct 21 - Sep 22 Energy Usage (kWh)	Comparison Year tCO ₂ e (Oct 19 - Sep 20)	Oct 20 - Sep 21 tCO ₂ e	REPORTING YEAR Oct 21 - Sep 22 tCO ₂ e
Grid Electricity	452,638	273,188	361,931	115	63	76
Mains Gas	238,064	222,486	214,948	44	45	44
Petrol	627,924	586,142	703,906	144	139	171
Derv	16,870,594	13,432,596	30,860,378	4,059	3,391	7,766
Gas Oil	59,821,532	26,235,326	10,721,697	15,358	7,078	2,929
HVO	0	8,186	351,021	0	0	16
Electricity T&D	0	5,133	6,403	9	6	6
Grey Fleets	0	521,011	437,822	0	133	112
Total	78,010,752	41,284,067	43,658,105	19,720	10,856	11,120

Intensity Ratio

In the case of Erith Holdings Limited, the metric chosen to normalise their emissions was based on turnover and the intensity ratio is detailed below.

Normalising Metric - Turnover £M	205	Intensity Ratio FY 2021-22	54	t CO ₂ e/ £turnover
Normalising Metric - Turnover £M	176	Intensity Ratio FY 2020-21	63	t CO ₂ e/ £turnover
Normalising Metric - Turnover £M	210	Intensity Ratio FY 2019-20	94	t CO ₂ e/ £turnover

Principal Energy Efficiency Actions

The Erith Group continues to strive for energy and carbon reduction arising from its activities. We have a rolling programme of upgrading plant and equipment for more efficient items and are also migrating the company car fleet to a mixture of Hybrid and Electric vehicles. Trials to use HVO as a direct replacement for Gas oil to power mobile plant and equipment has commenced.

Methodology

The figures quoted have been supplied directly from each subsidiary of the Erith Group. For the London office where energy costs are included within the service charge CIBSE Guide F typical consumption figures for Air Conditioned Offices have been used. Conversion factors used are taken from the 'Greenhouse gas reporting: conversion factors 2022'.

Erith Contractors Limited

Directors' report for the year ended 30 September 2022 (*continued*)

Interest Rate / Inflation Risks

The Directors have carefully considered the risks to the business arising from inflationary pressures and have taken a number of measures to monitor and review.

Due to a strong forward order book going into the 2023 financial year, the Erith Group anticipates maintaining the current level of turnover and at this stage the impact on our business and results is limited. However, we continue to monitor and assess the risks due to the impact on the wider economy.

Having recently agreed an extension on our group revolving credit facility, now renewed until December 2024, the Directors believe that the Group and Company has adequate financial resources to continue as a going concern for the foreseeable future.

Employee engagement

The Erith Group maintains an intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company. The intranet site includes functionality that enables employees to express views on matters that affect them and the group.

Business Relationships

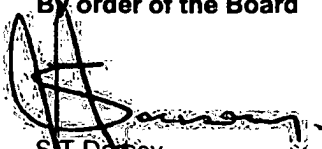
The Erith Group aims to foster close and collaborative relationships with both suppliers and customers. How we engage with the relevant stakeholders can be seen within our S172 report on page 3.

Auditors

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appointment them will be proposed at the annual general meeting.

By order of the Board



S/T Darsey
Secretary

Date: 30/06/2023

Erith Contractors Limited

Directors' responsibilities statement for the year ended 30 September 2022

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

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

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

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

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

Erith Contractors Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERITH CONTRACTORS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its 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.

We have audited the financial statements of Erith Contractors Limited ("the Company") for the year ended 30 September 2022 which comprise Statement of comprehensive income, Statement of financial position, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

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

Erith Contractors Limited

Independent auditor's report (continued)

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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor'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.

Erith Contractors Limited

Independent auditor's report (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

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

[Insert explanation of how the audit was capable of detecting irregularities including fraud]

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

DocuSigned by:

Alexander Tapp

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Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30/06/2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Erith Contractors Limited

Statement of comprehensive income for the year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	3	191,054,513	163,348,539
Cost of sales		(176,415,791)	(147,596,732)
Gross profit		14,638,722	15,751,807
Administrative expenses		(12,198,815)	(10,745,509)
Operating profit	5	2,439,907	5,006,298
Interest receivable	6	261	702
Income from fixed asset investments		697,986	400,000
Revaluation of investment property	8	230,256	-
Profit on ordinary activities before taxation		3,368,410	5,407,000
Taxation on profit from ordinary activities	7	(170,149)	(642,681)
Profit for the financial year and total comprehensive income for the year		3,198,261	4,764,319

All amounts relate to continuing activities.

Except for the result for the financial year, as shown above, the company had no recognised gains and losses during the year.

The notes on pages 15 to 24 form part of these financial statements.

Erith Contractors Limited

Statement of financial position at 30 September 2022

Company number 1102060	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible fixed assets	8		956,958		1,668,502
Investments	9		100		100
			<u>957,058</u>		<u>1,668,602</u>
Current assets					
Debtors	10	40,007,794		42,824,214	
Stock		76,000		76,000	
Cash at bank and in hand		19,837,705		11,558,353	
		<u>59,921,499</u>		<u>54,458,567</u>	
Creditors: amounts falling due within one year	11	<u>(47,570,361)</u>		<u>(44,074,798)</u>	
Net current assets			<u>12,351,138</u>		<u>10,383,769</u>
Total assets less current liabilities			<u>13,308,196</u>		<u>12,052,371</u>
Provision for liabilities	12		<u>(57,564)</u>		<u>-</u>
Net assets			<u>13,250,632</u>		<u>12,052,371</u>
Capital and reserves					
Called up share capital	13		75,000		75,000
Profit and loss account			13,175,632		11,977,371
Shareholders' funds			<u>13,250,632</u>		<u>12,052,371</u>

The financial statements were approved by the Board and authorised for issue on 30/06/2023


V Stokes
Director

The notes on pages 15 to 25 form part of these financial statements.

Erith Contractors Limited

Statement of changes in equity for the year ended 30 September 2022

	Equity share capital £	Profit and loss account £	Total equity £
At 1 October 2021	75,000	11,977,371	12,052,371
Comprehensive income for the year			
Profit for the year	-	3,198,261	3,198,261
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	3,198,261	3,198,261
Contributions by and distributions to owners			
Dividends paid	-	(2,000,000)	(2,000,000)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(2,000,000)	(2,000,000)
	<hr/>	<hr/>	<hr/>
30 September 2022	75,000	13,175,632	13,250,632
	<hr/>	<hr/>	<hr/>
	Equity share capital £	Profit and loss account £	Total equity £
At 1 October 2020	75,000	12,213,052	12,288,052
Comprehensive income for the year			
Profit for the year	-	4,764,319	4,764,319
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,764,319	4,764,319
Contributions by and distributions to owners			
Dividends paid	-	(5,000,000)	(5,000,000)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(5,000,000)	(5,000,000)
	<hr/>	<hr/>	<hr/>
30 September 2021	75,000	11,977,371	12,052,371
	<hr/>	<hr/>	<hr/>

The notes on pages 15 to 24 form part of these financial statements.

Erith Contractors Limited

Notes forming part of the financial statements for the year ended 30 September 2022

1 Accounting policies

Basis of preparation

Erith Contractors Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the report of the directors. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and 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 £.

In preparing the separate financial statements of the company, being a wholly owned subsidiary of Erith Holdings Limited, has taken advantage of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the company;
- disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole.

The principal accounting policies are summarised below:

Turnover

Turnover represents sales to outside customers of invoiced amounts less valued added tax.

Profit is recognised as a percentage of work certified at the year-end date where profitability can be assured with reasonable probability.

When applicable turnover also includes property rental to external customers at invoiced amounts less value added tax or local taxes on sales. Rental charges invoiced in advance of the rental period are treated as deferred income.

Tangible fixed assets

Depreciation of tangible fixed assets is calculated to write off the cost of the fixed assets over their estimated useful lives on a straight line basis. The annual rates of depreciation are as follows:

Plant and machinery	- 10% - 33%
Fixtures, fittings and equipment	- 20% - 25%
Motor vehicles	- 10% - 20%
Leasehold improvements	- evenly over the term of the lease
Long leasehold properties	- evenly over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income or losses' in the statement of comprehensive income.

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income or 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 reporting.

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

- 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; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 October 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 October 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Long term contracts

Contracts where the work is expected to extend for a period exceeding one year and where the outcome can be assessed with reasonable probability before their conclusion are valued at cost plus attributable profit less any foreseeable losses. Attributable profit is that amount which is estimated to reflect fairly the profit arising on the current contracts up to the balance sheet date. Foreseeable losses are those which are currently estimated to arise over the duration of existing contracts after taking into account costs, including direct labour and appropriate production overheads, to be incurred in the future.

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investment properties

Investment property is carried at fair value determined by market sales data, including the value of recent disposals of similar properties within the area and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in statement of comprehensive income.

Pension costs

The company makes contributions to the Erith Haulage Company Limited Retirement Benefit Scheme, a defined contribution scheme. The amounts charged to the statement of comprehensive income in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Going concern

The Company is part of the wider Erith Holdings Limited group (the "Group"). As at the 30 September 2022, the Erith Group has substantial cash reserves and a significant level of secured orders. The Directors regularly review the working capital requirements of the Erith Group and prepare profit, cash flow and covenant forecasts which include economic uncertainties.

The Erith Group is financed through a revolving credit facility which were successfully renegotiated for an additional term of 4 years and is now due for repayment in December 2024. After making enquiries and considering the factors and sensitivities applied, the Directors have a reasonable expectation that the Erith Group has adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements.

Erith Contractors Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Going concern (continued)

The Directors of the Erith Group have provided a letter of support that the Erith Group will provide sufficient operational and financial support to the company to enable it, in the normal course of business, to meet its liabilities as they fall due for a period of at least 12 months from the date these financial statements are authorised for issue. Thus, the Directors consider it appropriate to continue to adopt the going concern basis of accounting.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Long term contracts are assessed on a contract by contract basis. Recognition is based on probable outcomes assessed by experienced senior management.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Investment properties are valued annually using available external market data. This uses market rental values capitalised at a market capitalisation rate and considers actual prices achieved from the disposal of similar properties within the area, including those previously owned.

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

3 Turnover

All of the company's turnover relates to its principal activities and is sourced within the UK with the exception of £15,489,688 (2021 - £10,398,455) derived from contracts in the Republic of Ireland.

4 Information regarding directors and employees

	2022 £	2021 £
Directors' emoluments:		
Emoluments	435,421	744,497
Pension costs	60,250	60,250
	<u>495,671</u>	<u>804,747</u>
	Number	Number
Number of directors who were members of the company pension scheme	<u>2</u>	<u>2</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	2022 £	2021 £
Emoluments	202,444	372,331
Company contributions to money purchase pension scheme	20,625	20,625
	<u>223,069</u>	<u>392,956</u>

Employee costs (including directors) during the year:

Wages and salaries	20,616,300	20,489,434
Social security costs	4,645,272	2,389,862
Pension costs	422,827	569,384
	<u>25,684,399</u>	<u>23,448,680</u>

Average number of persons (including directors) employed during the year:

	Number	Number
Production	324	279
Administration	78	98
	<u>402</u>	<u>377</u>

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

5 Operating profit	2022 £	2021 £
This has been arrived at after charging:		
Depreciation	130,673	80,825
Auditors' remuneration:		
- audit services	107,561	119,166
- tax compliance services	21,600	25,710
	<u>130,673</u>	<u>80,825</u>
6 Interest receivable	2022 £	2021 £
Deposit interest	261	702
Loan interest	-	-
	<u>261</u>	<u>702</u>
7 Tax on profit on ordinary activities	2022 £	2021 £
<i>UK corporation tax</i>		
Current tax on profit for the year	90,232	637,783
Adjustment in respect of previous periods	22,353	4,898
	<u>112,585</u>	<u>642,681</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	57,564	-
Adjustments in respect of prior periods	-	-
	<u>57,564</u>	<u>-</u>
Taxation charge on profit on ordinary activities	<u>170,149</u>	<u>642,681</u>

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

7 Tax on profit on ordinary activities (continued)

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

	2022 £	2021 £
Profit on ordinary activities before tax	3,368,410	5,407,000
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.0% (2021 – 19.0%)	639,998	1,027,330
Effect of:		
Fixed asset differences	(132,617)	-
Expenses not deductible for tax purposes	196,940	33,342
Income not taxable	(43,749)	(76,000)
R&D expenditure credits	66,605	-
Remeasurement of deferred tax	(3,764)	-
Deferred tax not recognised	73,249	-
Other timing differences	-1	(123,833)
Group relief	-	(223,056)
Foreign PE exemption	(784,641)	-
Chargeable gains/(losses)	135,776	-
Adjustment in respect of previous years	22,353	4,898
Current tax charge for the year	170,149	642,681

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

8 Tangible fixed assets	Investment properties £	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>					
At 1 October 2021	1,339,758	175,440	783,644	124,264	2,423,106
Additions	-	-	38,887	-	38,887
Disposals	(850,014)	-	-	-	(850,014)
Revaluation	230,256	-	-	-	230,256
At 30 September 2022	720,000	175,440	822,531	124,264	1,842,235
<i>Depreciation</i>					
At 1 October 2021	-	175,440	536,031	43,133	754,604
Charge for the year	-	-	95,451	35,222	130,673
Disposals	-	-	-	-	-
At 30 September 2022	-	175,440	631,482	78,355	885,277
<i>Net book value</i>					
At 30 September 2022	720,000	-	191,049	45,909	956,958
At 30 September 2021	1,339,758	-	247,613	81,131	1,668,502

Fixed assets with a cost of £627,155 (2021 - £627,155) have been fully depreciated.

Investment properties

The company's investment properties are valued annually on 30 September at fair value, determined by an external market data source. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2.

The surplus on revaluation of investment property arising of £230,256 (company - £Nil) has been credited to the statement of comprehensive income for the year. All other tangible assets are stated at historical cost less depreciation and impairments.

If investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	Company 2022 £	Company 2021 £
Historic cost	310,376	868,000
Accumulated depreciation	-	-
	310,376	868,000
Excess of net book value over historic cost basis	339,624	471,758

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

9 Investments

	2022 £	2021 £
At 30 September	100	100

The following were the principal subsidiary and joint venture undertakings at the end of the year.

Companies treated as subsidiary undertakings:

Name	Country of incorporation	Principal activity	Number of class of shares	Proportion of shares held %
Swanton Consulting Limited	England	Structural engineers	100 ordinary	100

The registered office of Swanton Consulting Limited is Anchor Bay Wharf, Manor Road, Erith, Kent, DA8 2AW.

Companies treated as joint ventures undertakings:

Name	Country of incorporation	Principal activity	Number of class of shares	Proportion of shares held %
Land Remediation Limited	England	Remediation services	1 ordinary	50

The registered office of Land Remediation Limited is 1 Beauchamp Court, 10 Victors Way, Barnet, Hertfordshire, EN5 5TZ.

10 Debtors

	2022 £	2021 £
Trade debtors	14,069,288	18,685,820
Amounts owed by group undertakings	9,709,859	712,041
Other debtors	24,059	25,248
Amounts recoverable on contracts	16,204,588	23,401,105
	<u>40,007,794</u>	<u>42,824,214</u>

Amounts owed by group undertakings are interest free and repayable on demand. Included within amounts recoverable on contract are retentions of £7,996,834 (2021 - £9,304,368) which are recoverable within the normal operating cycle of the Company. All remaining amounts shown under debtors fall due for payment within one year.

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	7,739,415	6,708,128
Corporation tax	1,125,650	373,778
Other	176,880	95,091
Taxes and social security	3,479,907	3,854,563
Accruals and deferred income	14,065,656	28,919,922
Amounts owed to group undertakings	20,982,853	4,123,316
	<u>47,570,361</u>	<u>44,074,798</u>

Amounts owed to group undertakings are interest free and repayable on demand. Included within accruals and deferred income are retentions of £2,494,803 (2021 - £2,216,022) which are payable within the normal operating cycle of the Company.

12 Provision for liabilities and charges

	2022 £	2021 £
<i>Deferred taxation - accelerated capital allowances</i>		
At 1 October	-	-
Charged to statement of comprehensive income	57,564	-
	<u>57,564</u>	<u>-</u>
At 30 September	<u>57,564</u>	<u>-</u>

13 Share capital

	2022 £	2021 £
<i>Authorised, allotted, called up and fully paid</i>		
50,000 Ordinary shares of £1 each	50,000	50,000
25,000 'A' Ordinary shares of £1 each	25,000	25,000
	<u>75,000</u>	<u>75,000</u>

In the event of a winding up or disposal of the company the value of the ordinary share capital has been fixed at the value of the issued share on 22 March 1988 on which date the 'A' Ordinary shares were issued. The 'A' Ordinary shares shall have a value of the amount of the excess of the company's worth over the value of the ordinary shares. In the event of the winding up of the company the funds available for distribution will be applied first in paying the ordinary shareholders. In all other respects the shares rank pari passu.

Erith Contractors Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

14 Contingent liability

The company has given an unlimited guarantee to the bankers of Erith Haulage Company Limited, whose overdraft at 30 September 2022 was £Nil (2021 - £Nil) and Erith Holdings Limited whose bank loan and overdraft at 30 September 2022 was £Nil (2021 - £Nil).

The company was subject to a regulatory investigation by the Competition and Markets Authority. Since the year end, the investigation has concluded and the fine arising will be met by the Company's parent.

15 Pension scheme

The group sponsors the Erith Haulage Company Limited Retirement Benefit Scheme. The cost to the company of contributions to the scheme during the year was £Nil (2021 - £Nil). The scheme is a defined contribution scheme. The amount charged to the profit and loss account of the company in respect of pension costs is the contributions payable in the year.

16 Operating lease commitments

The total future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	100,000	80,000
Later than one year no later than five years	-	160,000
Later than five years	-	-
Total	<u>100,000</u>	<u>240,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2021 - £80,000)

17 Related party transactions

The immediate and ultimate parent company is Erith Holdings Limited, a company incorporated in Great Britain. This is the parent of both the smallest and largest group for which the company is a member. Copies of the consolidated financial statements are obtained from Erith House, Queens Street, Erith, Kent, DA8 1RP.

Rent charged from Ebbsfleet Recycling Company Ltd (a company controlled by the Darsey family) during the year of £Nil (2021 - £80,000) with £Nil outstanding at year end (2021 - £Nil).

Charges to Ebbcliff Ltd during the year of £Nil (2021 - £90,000) with £Nil outstanding at year end (2021 - £Nil).

The ultimate controlling party is Erith Holdings Trustee Limited on behalf of the Erith Employee Ownership Trust.

18 Post balance sheet events

Since the Year End one of the remaining two investment properties was sold for the consideration of £270,000 before costs.