

Registration number: 03360908

BARNWOOD GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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BARNWOOD GROUP LIMITED

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BARNWOOD GROUP LIMITED

COMPANY INFORMATION

Directors S W Carey
P F Evans
M J Williams
Company secretary M J Williams

Registered office 203 Barnwood Road
Gloucester
GL4 3HS

Auditors Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the group is that of carrying out contract work (including joinery manufacture and shopfitting) for the building industry.

Fair review of the business

The Group had an encouraging year as we as we successfully navigated through a difficult phase for the industry. In 2021, the Group faced substantial challenges in the form of supply shortages and inflationary pressures on essential materials. These challenges were compounded in 2022 by the war in Ukraine. Nonetheless, we successfully addressed and managed these risks during the period, primarily thanks to our people, who continue to go above and beyond with their commitment and performance.

As a result, the Group is pleased to announce robust financial results, establishing a solid foundation for us to achieve our strategic objectives.

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

Results for the year show increased turnover of £94m (2021 £102m) and net profits before tax of £1.7m (2021 £0.2m).

In the year, Beechmore Developments Limited achieved a successful completion of the Francis Woodcock Trading Estate development. We are delighted to announce that all units on the unit are now fully occupied, and we take great pride in our £1.7 million investment towards revitalising the local economy in Gloucestershire.

Long term strategy and vision

In response to the challenges faced by the UK economy, the business conducted a comprehensive reassessment of its long-term strategic plan in 2022. We believe what distinguishes us from our competitors is our emphasis on collaboration. We strive to establish partnerships with our customers, prioritising long-term value over immediate gains. It has been our experience that we have often been successful in retaining customers once we have engaged with them.

The group views the main drivers for its success as follows:

- Delivering projects to the highest standard and in a timely fashion
- Retain strong ethos across its employees and supply chain to ensure consistent delivery
- Maintain a healthy financial standing
- Uphold and develop a strong health and safety framework across the group
- Develop innovative/flexible solutions through our collaborative approach with clients
- Regularly assessing the economic landscape in relation to the industries we operate in
- Invest in the training and development programmes across the Group

The long-term plan reflects the group's strategy to simplify its structure which is designed to ensure that the group remains a thriving, resilient, innovative and respected contracting business. The review has highlighted the importance of strengthening certain processes and systems to ensure efficient management of our anticipated growth over the next five years. We believe that we are well placed to react to changes in the market place and the macroeconomic environment. Briefing sessions will be held to ensure this is communicated effectively to our employees.

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

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Employee Ownership Trust

The transition to employee ownership has gone from strength to strength and is designed to support the long-term sustainability of the organisation and to secure the legacy of the founding directors.

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

Three Trustees oversee the work of our Executive Board. These are as follows:

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

An Employee Representative Group has been set up which takes in consideration views from across the business and are communicated back to the board through Gemma Cox. This group has spearheaded initiatives to ensure that the business remains agile, drives innovation and strives towards a more sustainable future. Alongside this they have also implemented several positive changes to our work with local communities such as initiating a 'Charity of the Year' in 2022. In addition to this, employees decide on which local initiatives to support. Four local charitable requests are supported once every quarter either by financial contribution or by making use of our teams skill set and regenerating areas of need in the community.

Summary of performance indicators

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

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

Turnover

Turnover has decreased by 8% in the year. This is primarily due to the small delay in several large projects in our construction division. We are expecting turnover in 2023 to be significantly higher as a result of these projects being delayed.

Gross Profit

The group's gross profit margin in the year was 10.8% (2021 7.6%). During the year, the Group experienced an improvement in margins as we enhanced our strategies to mitigate inflationary risks. In light of the economic slowdown and increased competition, we expect our margins to remain competitive in the short term.

Employee Retention

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

Cash flow

The cashflows of the business remains strong with no bank borrowings The year end balances decreased from £7.7m to £6.2m. The group takes its payment performance very seriously and are always committed to pay subcontractors and suppliers on time.

Occupational Health and Safety and IT Security

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

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

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Our commitment to Health and Safety has been recognised by achieving our 8th consecutive ROSPA Gold medal Award for 2023.

We have continued our focus on IT security and have been re certified with Cyber Essentials and focusing on IT security training for our employees.

Section 172 (1) Statement

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

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

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

Employees

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

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

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

The group continues to invest in leadership, technical/ soft skills, and safety training for employees where it has been identified to benefit the individual and the group. We are committed to developing our employees and by allowing people to grow within the business, we are more likely to retain them. We recognise that a number of Directors will be retiring within the next five to ten years, and therefore, we have implemented a comprehensive management training program to support our succession planning.

There are prevalent skill shortages within the construction industry. Barnwood continues to focus on early year recruitment via our apprenticeship and graduate development programmes. We are committed to supporting the future of talent development within the industry. We continue to strive to increase our diversity across the group and have a business plan in place to support this.

Over the last year we have enhanced our wellbeing checks for employees, focusing on their physical health and mental health. Barnwood are members of the construction industry 'Mates in Mind' charity which has helped us reduce the stigma surrounding issues with mental health. The last three years has been especially challenging for our employees and we are committed to improving wellbeing across the Group.

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

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Customers

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

The Directors engage with customers through regular meetings and dedicated account management. This is a key measure of the business' success and helps us capture 'lessons learned' which helps drive performance in the future.

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

Supply chain partners

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

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

Environment

Barnwood maintain and continually improve our ISO 14001 certification which is externally validated by UKAS accredited auditors. We are also audited by Ecoivadis where we have achieved Gold Medal for our Environmental, Labour & Human Rights, Ethics and Sustainable Procurement impacts since 2021

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

- EV charging points installed to head office premises
- More efficient heaters installed to the workshops
- Hybrid and electric car is now the preferred option for employees
- Cardboard bailing compactor in use
- Bike to work scheme
- Travelling to meetings has been significantly reduced by video conferencing.
- FSC COC certification successfully audited

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

- Additional PV to Hucclecote Road Office
- Additional PV to 203 Barnwood Road Office
- More efficient Dust extraction system to be fitted to the joinery workshop
- Upgrade to air conditioning units to 203 Barnwood Road Office
- Van fleet to be upgraded with more efficient engines

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

Community and social responsibility

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

Innovation

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

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

Safety

Health & Safety considerations, as well as concern for the environment, apply to everything we do. All works are carried out in strict compliance with statutory provisions. We are certified to ISO 45001 and 14001 and are accredited members of the Contractors Health & Safety Assessment Scheme (CHAS), Construction Line, Exor Safe Contractor and Achilles.

BARNWOOD GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Shareholders

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

Other stakeholders

Other major stakeholder groups include the group's insurers, bankers, surety providers, advisors, auditors, regulators and HMRC. With all these stakeholder groups, the Directors maintain regular and open dialogue to ensure that all parties are kept informed and are listed to. The Directors believes this is essentially to building strong working relationships.

Principal risks and uncertainties

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

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

Project management risk

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

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

Price risk

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

Economic risk

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

Approved by the Board on 1st September 2023 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the consolidated financial statements for the year ended 31 December 2022.

Directors of the company

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

S W Carey

P F Evans

M J Williams - Company secretary and director

Financial instruments

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

Credit risk

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

Liquidity risk

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

Cash flow risk

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

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

Employment of disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, through meetings and discussing matters likely to affect employees' interest.

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

Matters covered in the strategic report

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

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

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

Over the last five years the group has been focused on diversifying into new sectors, this diversification along with being involved with several high-quality frameworks has allowed the business to be more resilient going forward. Given the current state of flux in the UK economy, we intend to rejuvenate and intensify our efforts in these new sectors over the next 12 months.

Considering the economic slowdown and heightened competition, we anticipate challenges in securing projects during the latter half of 2023. Therefore, our focus is directed towards clients who serve as end users, as we believe they are more inclined to proceed with investment initiatives.

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

2022 Streamlined Energy and Carbon report

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019.

The figures below represent the energy use and associated greenhouse gas (GHG) emissions of Barnwood Limited the subsidiary within the scope of the requirements, with Barnwood Group Limited itself exempt from the requirements for the year ended 31 December 2022.

Energy consumption used to calculate emissions

	kWh	
	31st December 2022	31st December 2021
Site diesel	745,375	10,076
Vehicle fuel - Petrol	5,852	7,607
Vehicle fuel - Diesel	490,145	586,284
Company cars	183,790	300,778
Company vans	43,616	45,981
Cash opt out	351,749	421,320
Electricity	256,616	268,238
Gas	111,131	255,143
Gas oil	591,837	2,099,528
Lorry	890,200	729,738
HVO	49,213	-
TOTAL	3,719,524	4,724,693

BARNWOOD GROUP LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022****Scope 1 emissions in metric tonnes CO₂e**

	31st December 2022 tCO₂e	31st December 2021 tCO₂e
Site Gas Oil	152	539
Lorry freight (owned)	214	173
Vehicle fuel usage	120	141
Company car travel	49	59
Site gas	20	47
Owned Vans	11	7
Site Diesel (retail)	180	2
Total Scope 1 emissions	746	968

Scope 2 emissions in metric tonnes CO₂e

	31st December 2022 tCO₂e	31st December 2021 tCO₂e
Electricity generation	50	57
Total Scope 2 emissions	50	57

Scope 3 emissions in metric tonnes CO₂e

	31st December 2022 tCO₂e	31st December 2021 tCO₂e
Well To Tank	195	266
Cash opt out car travel	107	93
Electricity transmission & distribution	5	5
Rail travel	1	2
Flights	1	1
Total scope 3 emissions	309	367

	31st December 2022	31st December 2021
Total gross emissions in metric tonnes CO₂e	1,105	1,392
Intensity ratios		
Tonnes of CO₂e per £M turnover	12	14
Tonnes of CO₂e per employee	6	7

BARNWOOD GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

SECR Methodology Statement 2022

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

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

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

Energy Efficiency Actions

Barnwood maintain and continually improve our ISO 14001 certification which is externally validated by UKAS accredited auditors. We are also audited by Ecovadis where we have achieved Gold Medal for our Environmental, Labour & Human Rights, Ethics and Sustainable Procurement impacts since 2021

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

- EV charging points installed to head office premises
- More efficient heaters installed to the workshops
- Hybrid and electric car is now the preferred option for employees
- Cardboard bailing compactor in use
- Bike to work scheme
- Travelling to meetings has been significantly reduced by video conferencing.
- FSC COC certification successfully audited

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

- Additional PV to Hucclecote Road Office
- Additional PV to 203 Barnwood Road Office
- More efficient Dust extraction system to be fitted to the joinery workshop
- Upgrade to air conditioning units to 203 Barnwood Road Office
- Van fleet to be upgraded with more efficient engines
- ESG Report to be produced

Going concern

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

Disclosure of information to the auditor

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

Reappointment of auditors

Hazlewoods have expressed their willingness to continue in office.

Approved by the Board on 1st September 2023 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

BARNWOOD GROUP LIMITED

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

Opinion

We have audited the financial statements of Barnwood Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

BARNWOOD GROUP LIMITED

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

We considered the nature of the group company's industry and their control environment and reviewed the group's and company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group and company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's and company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

BARNWOOD GROUP LIMITED

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 01/09/2023

BARNWOOD GROUP LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	94,132,401	101,587,026
Cost of sales		<u>(83,860,639)</u>	<u>(93,786,254)</u>
Gross profit		10,271,762	7,800,772
Administrative expenses		(8,744,503)	(7,615,661)
Other operating income	4	-	24,921
Other gains	12	<u>260,750</u>	-
Operating profit	5	1,788,009	210,032
Loss from other financial assets		(74,591)	-
Other interest receivable and similar income	6	672	1,863
Interest payable and similar charges	7	<u>(8,358)</u>	<u>(3,413)</u>
Profit before tax		1,705,732	208,482
Taxation	10	<u>(285,647)</u>	<u>(65,675)</u>
Profit for the financial year		<u>1,420,085</u>	<u>142,807</u>

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
DECEMBER 2022**

	2022	2021
	£	£
Profit for the year	<u>1,420,085</u>	<u>142,807</u>
Surplus on property, plant and equipment revaluation	294,854	-
Deferred tax on revaluation of properties	<u>(74,399)</u>	<u>-</u>
	<u>220,455</u>	<u>-</u>
Total comprehensive income for the year	<u><u>1,640,540</u></u>	<u><u>142,807</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>1,640,540</u></u>	<u><u>142,807</u></u>

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED**(REGISTRATION NUMBER: 03360908)
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	2,035,455	2,495,685
Investment property	12	<u>1,565,000</u>	<u>-</u>
		<u>3,600,455</u>	<u>2,495,685</u>
Current assets			
Stocks	15	1,346,177	199,432
Debtors	16	16,098,536	16,512,547
Other financial assets	14	925,409	-
Cash at bank and in hand		<u>6,239,373</u>	<u>7,682,656</u>
	14	24,609,495	24,394,635
Creditors: Amounts falling due within one year	18	<u>(23,376,836)</u>	<u>(22,544,874)</u>
Net current assets		<u>1,232,659</u>	<u>1,849,761</u>
Total assets less current liabilities		4,833,114	4,345,446
Provisions for liabilities	10	<u>(369,754)</u>	<u>(22,626)</u>
Net assets		<u>4,463,360</u>	<u>4,322,820</u>
Capital and reserves			
Called up share capital	20	1,365	1,365
Share premium reserve	21	129,526	129,526
Capital redemption reserve	21	7,612	7,612
Revaluation reserve	21	220,455	-
Other reserves	21	14,147	14,147
Profit and loss account	21	<u>4,090,255</u>	<u>4,170,170</u>
Total equity		<u>4,463,360</u>	<u>4,322,820</u>

Approved and authorised by the Board on 1st September 2023 and signed on its behalf by:



M J Williams
Company secretary and director

BARNWOOD GROUP LIMITED**(REGISTRATION NUMBER: 03360908)
BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Investments	13	10,794	10,794
Current assets			
Debtors	16	3,638,270	2,077,422
Other financial assets	14	925,409	-
Cash at bank and in hand		17,138	4,600,030
		<u>4,580,817</u>	<u>6,677,452</u>
Creditors: Amounts falling due within one year	18	<u>(2,685,072)</u>	<u>(4,202,045)</u>
Net current assets		<u>1,895,745</u>	<u>2,475,407</u>
Net assets		<u>1,906,539</u>	<u>2,486,201</u>
Capital and reserves			
Called up share capital	20	1,365	1,365
Share premium reserve		131,100	131,100
Capital redemption reserve		7,612	7,612
Profit and loss account		1,766,462	2,346,124
Total equity		<u>1,906,539</u>	<u>2,486,201</u>

The company made a profit after tax for the financial year of £920,338 (2021 - loss of £2,591).

Approved and authorised by the Board on 1st September 2023 and signed on its behalf by:



M J Williams
Company secretary and director

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2022	1,365	129,526	7,612	-	14,147	4,170,170	4,322,820
Profit for the year	-	-	-	-	-	1,420,085	1,420,085
Other comprehensive income	-	-	-	220,455	-	-	220,455
Contribution to employee ownership trust	-	-	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2022	<u>1,365</u>	<u>129,526</u>	<u>7,612</u>	<u>220,455</u>	<u>14,147</u>	<u>4,090,255</u>	<u>4,463,360</u>

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

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2022	1,365	131,100	7,612	2,346,124	2,486,201
Profit for the year	-	-	-	920,338	920,338
Contribution to employee ownership trust	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2022	<u>1,365</u>	<u>131,100</u>	<u>7,612</u>	<u>1,766,462</u>	<u>1,906,539</u>

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

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,420,085	142,807
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	330,798	382,965
Financial instrument net gains through profit and loss	14	74,591	-
Changes in fair value of investment property	12	(260,750)	-
Profit on disposal of tangible assets	5	(32,817)	(37,305)
Finance income	6	(672)	(1,863)
Finance costs	7	8,358	3,413
Income tax expense	10	<u>285,647</u>	<u>65,675</u>
		1,825,240	555,692
Working capital adjustments			
Increase in stocks	15	(1,146,745)	(101,554)
Decrease/(increase) in trade debtors	16	215,481	(7,881,654)
Increase in trade creditors	18	<u>957,358</u>	<u>8,289,011</u>
Cash generated from operations		1,851,334	861,495
Income taxes received	10	<u>60,216</u>	<u>119,313</u>
Net cash flow from operating activities		<u>1,911,550</u>	<u>980,808</u>
Cash flows from investing activities			
Interest received		672	1,863
Acquisitions of tangible assets	11	(968,128)	(719,565)
Proceeds from sale of tangible assets		120,981	66,468
Acquisitions of financial instruments	13	<u>(1,000,000)</u>	<u>-</u>
Net cash flows from investing activities		<u>(1,846,475)</u>	<u>(651,234)</u>
Cash flows from financing activities			
Interest paid		(8,358)	(3,413)
Employee ownership trust contribution		<u>(1,500,000)</u>	<u>-</u>
Net cash flows from financing activities		<u>(1,508,358)</u>	<u>(3,413)</u>
Net (decrease)/increase in cash and cash equivalents		(1,443,283)	326,161
Cash and cash equivalents at 1 January		<u>7,682,656</u>	<u>7,356,495</u>
Cash and cash equivalents at 31 December		<u><u>6,239,373</u></u>	<u><u>7,682,656</u></u>

The notes on pages 22 to 38 form an integral part of these financial statements.

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

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

The address of its registered office is:
203 Barnwood Road
Gloucester
GL4 3HS

2 Accounting policies

Statement of compliance

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

Basis of preparation

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

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

Summary of significant accounting policies and key accounting estimates

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

Summary of disclosure exemptions

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

Going concern

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements and estimation uncertainty

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

Key sources of estimation uncertainty

Determining the value of amounts recoverable under contracts requires an estimation of the total expected turnover and costs associated with a contract and its stage of completion at the accounting reference date. The carrying amount is a creditor of £1,086,402 (2021 - £2,197,286) which represents the net amounts due to/from customers disclosed in debtors and creditors note.

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

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

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

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

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

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

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

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

Revenue recognition

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

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

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Costs are calculated as that proportion of contract value which turnover to date bears to total expected turnover for that contract. Variations in the contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

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

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

Government grants

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

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Tax

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

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

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

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

Tangible assets

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

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

Land and buildings are stated in the balance sheet at revalued cost, less and subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

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

Investment property

Investment property is carried at fair value, derived from the valuation of an independent and qualified third party. Changes in fair value are recognised in the profit or loss.

Research and development

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

Business combinations

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

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Investments

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

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

Cash and cash equivalents

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

Trade debtors

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

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

Stocks

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

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

Trade creditors

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

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

Borrowings

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

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

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

Provisions

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

Leases

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

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Share capital

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

Retained earnings

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

Share premium

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

Capital redemption reserve

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

Other reserves

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

Distributions

Distributions are recognised when they are paid.

Dividends

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

Employee benefits

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

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

Defined contribution pension obligation

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

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

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial instruments

Classification

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

Recognition and measurement

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

Impairment

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

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

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

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

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

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

BARNWOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****3 Revenue**

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

	2022	2021
	£	£
Rendering of services	<u>94,132,401</u>	<u>101,587,026</u>

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

	2022	2021
	£	£
UK	<u>94,132,401</u>	<u>101,587,026</u>

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

The amount of contract revenue recognised as revenue in the year was £94,097,372 (2021 - £101,563,402).

The amount of rental income recognised as revenue in the year was £35,029 (2021 - £23,624).

4 Other operating income

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

	2022	2021
	£	£
Government grants	<u>-</u>	<u>24,921</u>

Coronavirus Job Retention Scheme

The group received grants in relation to the Coronavirus Job Retention Scheme which were accounted as revenue grants. In 2021, £24,921 was credited to the profit and loss account in relation to these grants.

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

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation of owned assets	330,798	382,965
Auditor's remuneration - statutory audit fees	36,000	37,800
Auditor's remuneration - tax compliance services	8,500	5,100
Auditor's remuneration - other non-audit services	1,500	8,870
Operating lease expense - property	121,000	118,000
Profit on sale of tangible fixed assets	<u>(32,817)</u>	<u>(37,305)</u>

Included within the total of auditor's remuneration of the statutory accounts is £2,500 (2021 - £1,750) relating to the audit of the company.

6 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	<u>672</u>	<u>1,863</u>

BARNWOOD GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****7 Interest payable and similar expenses**

	2022	2021
	£	£
Other interest payable	<u>8,358</u>	<u>3,413</u>

8 Staff costs**Group**

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

	2022	2021
	£	£
Wages and salaries	10,020,599	8,890,850
Social security costs	1,038,773	930,958
Staff pensions	548,057	636,720
Compensation for loss of office	<u>79,450</u>	<u>-</u>
	<u>11,686,879</u>	<u>10,458,528</u>

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

	2022	2021
	No.	No.
Site staff	82	81
Manufacturing	24	22
Administrative and management staff	<u>92</u>	<u>89</u>
	<u>198</u>	<u>192</u>

Company

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

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	482,950	389,862
Contributions paid to money purchase schemes	<u>195,130</u>	<u>53,585</u>
	<u>678,080</u>	<u>443,447</u>

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

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	200,057	195,000
Company contributions to money purchase pension schemes	<u>96,667</u>	<u>20,000</u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

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

	2022 £	2021 £
Current taxation		
UK corporation tax	92,125	32,368
UK corporation tax adjustment to prior periods	<u>(79,207)</u>	<u>(20,154)</u>
	<u>12,918</u>	<u>12,214</u>
Deferred taxation		
Arising from origination and reversal of timing differences	173,592	55,905
Arising from changes in tax rates and laws	<u>99,137</u>	<u>(2,444)</u>
Total deferred taxation	<u>272,729</u>	<u>53,461</u>
Tax expense in the income statement	<u>285,647</u>	<u>65,675</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,705,732</u>	<u>208,482</u>
Corporation tax at standard rate	324,089	39,612
Effect of revenues exempt from taxation	(49,543)	-
Effect of expense not deductible in determining taxable profit (tax loss)	30,115	6,878
Deferred tax expense/(credit) relating to changes in tax rates or laws	99,137	(2,444)
Deferred tax expense from unrecognised tax loss or credit	-	46,486
Deferred tax credit from unrecognised temporary difference from a prior period	(65,945)	-
Decrease in UK and foreign current tax from adjustment for prior periods	(79,207)	(20,154)
Tax decrease from effect of capital allowances and depreciation	(4,371)	(4,703)
Capital gains	106,086	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(74,714)</u>	<u>-</u>
Total tax charge	<u>285,647</u>	<u>65,675</u>

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, increasing from 19%. This will increase the group's future current tax charge accordingly. Deferred tax at 31 December 2022 has been calculated at a substantively enacted rate of 25% (2021 - 25%).

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Deferred tax

Group

Deferred tax assets and liabilities (movement detailed above)

	Liability £
2022	
Fixed asset timing differences	181,526
Short term timing differences	48,641
Capital gains	<u>139,587</u>
	<u><u>369,754</u></u>

	Liability £
2021	
Short term timing differences	<u>22,626</u>
	<u><u>22,626</u></u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible assets

Group

	Land and buildings £	Long leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	1,587,258	57,652	1,592,098	1,564,080	4,801,088
Revaluations	294,854	-	-	-	294,854
Additions	572,395	81,191	22,562	291,980	968,128
Disposals	-	-	-	(312,522)	(312,522)
Transfers to/from investment property	(1,304,250)	-	-	-	(1,304,250)
At 31 December 2022	<u>1,150,257</u>	<u>138,843</u>	<u>1,614,660</u>	<u>1,543,538</u>	<u>4,447,298</u>
Depreciation					
At 1 January 2022	37,639	2,465	1,129,277	1,136,022	2,305,403
Charge for the year	12,618	5,340	146,534	166,306	330,798
Eliminated on disposal	-	-	-	(224,358)	(224,358)
At 31 December 2022	<u>50,257</u>	<u>7,805</u>	<u>1,275,811</u>	<u>1,077,970</u>	<u>2,411,843</u>
Carrying amount					
At 31 December 2022	<u>1,100,000</u>	<u>131,038</u>	<u>338,849</u>	<u>465,568</u>	<u>2,035,455</u>
At 31 December 2021	<u>1,549,619</u>	<u>55,187</u>	<u>462,821</u>	<u>428,058</u>	<u>2,495,685</u>

Included in freehold land and buildings is freehold land held at valuation of £250,000 (2021 - £600,000) which is not depreciated.

Land and buildings were revalued during the year by chartered surveyors on 3 October 2022. The value of the land and buildings if they had not been revalued would have been £805,146. The movements in valuation are taken to the Revaluation Reserve in equity.

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12 Investment properties

Group	2022
	£
At 1 January	-
Transfers from Tangible assets	1,304,250
Fair value adjustments	<u>260,750</u>
At 31 December	<u>1,565,000</u>

The fair value of the property was determined by chartered surveyors on 3 October 2022. The valuation at this date is taken to be the fair value of the property at the year end.

13 Investments

Company	2022	2021
	£	£
Investments in subsidiaries	<u>10,794</u>	<u>10,794</u>

Subsidiaries	£
Cost	
At 1 January 2022	<u>10,794</u>
At 31 December 2022	<u>10,794</u>
Carrying amount	
At 31 December 2022	<u>10,794</u>
At 31 December 2021	<u>10,794</u>

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Barnwood Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Barnwood Shopfitting Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Barnwood General Works Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%
Beechmore Developments Limited	203 Barnwood Road, Gloucester, GL4 3HS	Ordinary	100%	100%

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Subsidiary undertakings

Barnwood Limited

The principal activity of Barnwood Limited is that of contracting work for the construction industry.

Barnwood Shopfitting Limited

The principal activity of Barnwood Shopfitting Limited is that of a dormant company.

Barnwood General Works Limited

The principal activity of Barnwood General Works Limited is that of a dormant company.

Beechmore Developments Limited

The principal activity of Beechmore Developments Limited is to hold the properties of the group.

14 Other financial assets

Group and company

	Financial assets at fair value through profit and loss £
Non-current financial assets	
Cost or valuation	
Additions	1,000,000
Fair value adjustments	<u>(74,591)</u>
At 31 December 2022	<u>925,409</u>
Carrying amount	
At 31 December 2022	<u>925,409</u>
At 31 December 2021	<u>-</u>

The additions relate to an investment in listed shares, which are measured at market value. Movements in the market value are recognised in the profit or loss.

15 Inventories

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Production supplies	110,913	199,432	-	-
Work in progress	<u>1,235,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,346,177</u>	<u>199,432</u>	<u>-</u>	<u>-</u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	10,524,088	13,028,186	-	-
Amounts owed by group undertakings	-	-	2,597,452	1,165,380
Other debtors	250,168	262,976	223,212	239,978
Prepayments	251,820	344,806	-	-
Gross amount due from customers for contract work	5,072,460	2,808,813	-	-
VAT control account	-	-	768,709	672,064
Corporation tax asset	-	67,766	48,897	-
	<u>16,098,536</u>	<u>16,512,547</u>	<u>3,638,270</u>	<u>2,077,422</u>

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank	<u>6,239,373</u>	<u>7,682,656</u>	<u>17,138</u>	<u>4,600,030</u>

18 Creditors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Due within one year				
Trade creditors	11,922,798	11,467,401	-	-
Amounts due to group undertakings	-	-	2,680,071	4,192,236
Social security and other taxes	3,567,096	4,766,156	-	-
Outstanding defined contribution pension costs	62,931	54,315	-	-
Other payables	24,700	30,000	-	-
Accrued expenses	1,635,081	1,220,903	5,001	9,809
Corporation tax liability	5,368	-	-	-
Gross amount due to customers for contract work	<u>6,158,862</u>	<u>5,006,099</u>	<u>-</u>	<u>-</u>
	<u>23,376,836</u>	<u>22,544,874</u>	<u>2,685,072</u>	<u>4,202,045</u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £548,057 (2021 - £636,720).

Contributions totalling £62,931 (2021 - £54,315) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,365</u>	<u>1,365</u>	<u>1,365</u>	<u>1,365</u>

21 Reserves

Group and Company

Called up share capital

Represents the issued equity share capital of the company.

Share premium

Represents the share premium arising on the issue of shares.

Capital redemption reserve

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

Other reserves

This relates wholly to a capital redemption reserve, which represents the amount transferred to this reserve to maintain the company's capital arising from a purchase of own shares.

Revaluation reserve

Represents the gains or losses on revaluation of property, plant and equipment.

Profit and loss account

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

During the year, the company made a contribution of £1,500,000 (2021 - £nil) to the Barnwood Group Employee Ownership Trust, an Employee Ownership Trust set up for the benefit of the employees of the company.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve
	£
Surplus/deficit on property, plant and equipment revaluation	<u>220,455</u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

22 Obligations under leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	115,000	115,000
Later than one year and not later than five years	460,000	460,000
Later than five years	<u>1,035,000</u>	<u>1,150,000</u>
	<u><u>1,610,000</u></u>	<u><u>1,725,000</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £121,000 (2021 - £118,000).

23 Related party transactions

The group has taken advantage of section 33 of FRS 102 to not disclose transactions with fellow group companies who are 100% owned. Balances disclosed in notes 17 and 19.

24 Financial instruments

Group

Financial assets measured at fair value

Listed investments

Investment in listed funds which are publicly traded are included at fair value based on the price quoted on the relevant exchange at the year end.

The fair value is £925,409 (2021 - £Nil) and the change in value included in profit or loss is £74,591 (2021 - £Nil).

Investment properties

Investment properties held by the group are measured at fair value at each balance sheet date with any gains or losses being reported directly in the profit and loss accounts in accordance with FRS102.

The fair value is £1,565,000 (2021 - £Nil) and the change in value included in profit or loss is £260,750 (2021 - £Nil).

Items of income, expense, gains or losses

	Income	Expense	Net gains	Net losses
2022	£	£	£	£
Financial assets measured at fair value through profit or loss	-	-	260,750	74,591
Financial liabilities measured at amortised cost	-	8,358	-	-
	<u>-</u>	<u>8,358</u>	<u>260,750</u>	<u>74,591</u>
	<u>-</u>	<u>8,358</u>	<u>260,750</u>	<u>74,591</u>
2021	£	£	£	£
Financial liabilities measured at amortised cost	-	3,413	-	-
	<u>-</u>	<u>3,413</u>	<u>-</u>	<u>-</u>

BARNWOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Company

Financial assets measured at fair value

Listed investments

Investment in listed funds which are publicly traded are included at fair value based on the price quoted on the relevant exchange at the year end.

The fair value is £925,409 (2021 - £Nil) and the change in value included in profit or loss is £74,591 (2021 - £Nil).

Items of income, expense, gains or losses

	Income	Expense	Net gains	Net losses
2022	£	£	£	£
Financial assets measured at fair value through profit or loss	-	-	-	74,591

The company had no items of income, expense, gains or losses in prior year.

25 Analysis of net debt

	At 1 January 2022	Cash flow	Other non-cash changes	At 31 December 2022
	£	£	£	£
Cash at bank and in hand	7,682,656	(1,443,283)	-	6,239,373

26 Parent and ultimate parent undertaking

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