

WINVIC CONSTRUCTION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

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WINVIC CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	S Girardier D Ward S Hunt R Butler C Allsopp I Nelson M Jones I Goodhead R Cook H Ratcliffe
Company secretary	P Vickers
Registered number	04135363
Registered office	Brampton House 19 Tenter Road Moulton Park Northampton NN3 6PZ
Independent auditor	Cooper Parry Group Limited Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	National Westminster Bank Plc 41 The Drapery Northampton NN1 2EY

WINVIC CONSTRUCTION LIMITED

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WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2023

Winvic Performance at a Glance

2022/23 Highlights

- Turnover increased to £1,217m.
- 37 projects successfully completed across three key sectors.
- 75% of turnover from repeat business clients across three key sectors.
- Doing It Right cultural change programme has helped maintain an AFR reduction of 71% since it launched.
- RoSPA President's Award for eleven consecutive Gold awards.
- Average Considerate Constructors Scheme (CCS) score increased to 42/45.
- Utilised BIM on 26 projects throughout the year.
- Achilles Carbon Reduce Certification achieved in line with ISO 14064.
- Delivered 8 Zero Carbon projects and 10 under construction.
- BREEAM Outstanding achieved on 4 projects.
- Launched updated Sustainability Strategy and roadmap illustrating progress towards Net Zero by 2025 target and sustainability KPIs.
- Progressed business wide Digital Strategy to improve operational excellence and customer experience.
- 13% of workforce on early years or 'earn and learn' programmes including apprenticeships and industrial placements
- 100% of employees receive training / development.
- 51 employees on leadership development programmes.
- Two long-term major projects secured pre-Covid and high inflation, have been written down during the year which has impacted on the final margin.

Key influences sustaining our strong performance over the year include:

- Our ability to satisfy growing demand for sustainable and innovative solutions, offering design and build turnkey services across Civils & Infrastructure, Industrial and Multi-room.
- Maintaining our position as the UK's top Industrial specialist securing work with new and repeat business clients and end-users, including prominent developers, global brands and funds.
- Strengthening our standing within the Civils & Infrastructure sector by securing work with public sector clients on local authority led frameworks and nationally significant schemes for private clients.
- Expanding our position in the Multi-room residential market building on our strong reputation for delivering high quality build-to-rent (BTR) and student accommodation.
- Maintaining an enviable record of responsible and ethical project delivery to industry leading standards, whilst upholding an exemplar health and safety record.
- Leveraging long-term supply chain partnerships cultivated over many years to ensure programme delivery.
- Attracting, developing and retaining highly motivated, talented teams to drive performance and excellence.

Financial Key Performance Indicators

Winvic Group Ltd has delivered another year of strong financial performance for the year ending January 2023 despite challenging market conditions. The company has maintained strong performance in all operating sectors with turnover of £1,217m (Jan 2022: £1,029m).

Our forecasted turnover to January 2024 is £950m.

Winvic achieved revenue of £1,217m, underlying profit before tax of £11.1m and has a forward order book of £1,283m at the time of signing these accounts.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Financial highlights:

- Turnover of £1,217m (Jan 2022: £1,029m)
- Pre-tax profits of £11.1m (Jan 2022: £16.5m)
- Net cash position £105m (Jan 2022: £101m)
- Net current assets £55.3m (Jan 2022: £54.1m)

The company has continued to build on our strategic priorities and improve the way we measure our KPIs to monitor performance in all sectors:

- Cash position
- Project margins and net operating profit
- Employee retention
- Customer satisfaction
- Supply chain relationships
- Health and Safety record
- Business sustainability

Principal Risks

The high levels of demand, combined with the long-term impacts following Brexit, the Covid-19 pandemic and the Ukraine conflict, have continued to contribute to inflationary pressures facing the industry and wider economy, particularly around the supply and prices of materials as well as labour supply and associated costs.

The unprecedented levels of material price increases have been more challenging to manage particularly when balancing this with our commitment to provide our clients with price certainty. Whilst we are now seeing this stabilise in some products, over the last 12 months the unpredictable price increases in raw materials, particularly steel, cladding, aggregates and concrete, have impacted on our margins. Furthermore, in April 2022, the business aligned with industry guidance to switch from red diesel to the use of Hydrotreated Vegetable Oil (HVO) fuel or white diesel, which resulted in increased fuel costs, and we saw the subsequent market demand drive up fuel prices further throughout the year.

The business has included losses within these results on two major projects secured prior to the Covid-19 pandemic. These projects suffered from the effects of Covid and high levels of inflation on costs. The business believes it has now written these projects back to a secure position.

Whilst increasing interest rates are still putting some pressure on material prices, they are also having an impact on reducing the demand for industrial units in the marketplace.

Winvic Ethos

Our brand, 'The Winvic Way' culture and 'Doing It Right' ethos are the guiding principles that drive our ongoing journey of sustainable success. The core values underpinning everything we do are: respect, loyalty, honesty, challenging / questioning, and passion: pride, tenacity drive. Our employees, clients, end-users, consultants and subcontractors support this ethos - evidenced by our enviable retention and repeat business figures.

Our brand is underpinned by our Doing It Right behavioural change programme aiming to bring safety and ethical responsibility to the forefront of all our decision making within the business.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Multi-Sector Performance

Winvic operates throughout the UK as a main contractor specialising in the design and delivery of industrial, build-to-rent, student accommodation and commercial projects, and civils and infrastructure schemes in both the public and private sectors. Our multi-sector turnkey offer gives our clients commercially successful, unified solutions, from initial civils and infrastructure through to build and fit out.

Throughout the financial year 2022/23, we continued our enviable record of project delivery, successfully completing 37 projects to industry leading standards, responsibly, ethically and safely. We saw the demand for our services continue to grow across all our operating sectors, securing new, sustainable and innovative projects, including our first direct contract for a local authority.

Industrial Sector

Our sustained success in the industrial, distribution and logistics sector saw us safely deliver over 12.4 million sq ft of industrial space during the year. Winvic remains the first-choice delivery partner for projects of increasing scale, significance and complexity, which is testament to the ongoing relationships that we have nurtured over many years cementing our position as market leaders in the sector. Average project values continued to rise during the financial year, in part due to continued materials price increases, as well as the continued demand for our expertise in delivering complex MHE (Material Handling Equipment), sortation and temperature-controlled requirements within online food and retail storage facilities, and fulfilment and last-mile delivery centres. Over the past 12 months, our reputation for delivering innovative and sustainable schemes to industry leading standards and our ability to satisfy low carbon and net zero carbon ambitions amongst new and repeat business clients has enabled us to further expand our customer base. As the momentum towards responsible business practices and ESG commitments continues to accelerate, so does the demand for our specialist expertise and resources in this area. We anticipate further demand for this specialist inhouse service in the next few years upholding our position as the UK's leading contractor within this sector.

Industrial Fit Out

The demand for the fit out of both existing buildings and those under construction has continued to grow with retail and distribution efficiency becoming more important than ever since Covid-19 and the resulting changes in consumer behaviour. Our unrivalled experience in delivering challenging projects has seen us deliver several complex fit outs directly for end-users to meet the demand within manufacturing, distribution and fulfilment. Delivery of these projects has further strengthened our expertise, knowledge and understanding of the diversity of client and end-user needs, the variance in scope of works and specific requirements for access and speed of delivery. Consequently, we have seen an increase in project opportunities and customers returning for a repeat experience.

Multi-Room Sector

Another positive year for the Multi-room sector, marked by our unwavering commitment to delivering high-quality residential schemes across the UK. Despite the significant challenges faced from inflationary pressures and soaring energy costs, we remained resilient. Our stellar reputation in the residential sector has positioned us as a trusted delivery partner, enabling us to engage in direct negotiations with funds and clients to secure repeat business. These established relationships are of paramount importance in the current uncertain market, characterised by continued higher interest rates which are challenging the economy. They afford us the ability to be selective with our opportunities and safeguard our risk.

During the year, we successfully completed our first 4-star hotel in Milton Keynes boasting 261 beds to accommodate discerning guests. A further 748 Build-to-Rent (BTR) beds have been successfully completed across two projects to our client's utmost satisfaction. Our order book continues to demonstrate resilience, bolstered by securing 814 student beds with an existing client together with Pre-construction agreements to deliver 1,400 BTR beds. We're pleased to report a notable surge in enquiries, particularly in the student market, as it rebounds from the impacts of the pandemic. Our pipeline of work remains around the Midlands due to strong links with our trusted supply chain.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

The upcoming year presents significant challenges for the entire residential market, as regulatory changes stemming from the Building Safety Act come into effect. However, we remain resolute in our determination to seize these challenges as opportunities. Leveraging our extensive industry knowledge, we are poised to adapt and thrive in this evolving market. As a forward-thinking business, we recognise the importance of staying ahead of the curve and proactively addressing these changes.

Civils & Infrastructure Sector

It has been a successful year despite the challenges due to materials price increases, further cementing our position within the Civils & Infrastructure sector. Our teams have worked hard to achieve key programme milestones and completion dates whilst maintaining an impeccable safety record through our Doing It Right safety focus and ensuring stakeholders needs are considered. Our team's sector expertise and ability to meet challenging project programmes has further enhanced our reputation within both the private and public sectors demonstrating that we can deliver a range of complex civils and infrastructure works of all sizes across the country.

Over the past year, we entered the second year of the Scheme Delivery Framework (SDF) for National Highways with its associated turnover increasing and we have delivered several specialist civils works to enable future industrial and commercial developments on standalone schemes. In the year ahead, we will commence our first project direct with a local authority as part of the Lincolnshire Highways framework. On the private sector rail side, we were awarded the PCSA for the West Midlands Interchange Strategic Rail Freight Terminal, a Nationally Signification Infrastructure Project, and hope to secure the contract for the first phase of the infrastructure works in the year ahead. The team has also made great progress on the second phase of the Rail Terminal at SEGRO Logistics Park East Midlands Gateway which is due for completion in the summer. During the year, we achieved ISO 44001 as part of the SDF, as well as RISQS and Cyber Essentials certifications which have enabled us to target opportunities presented within public sector frameworks as part of the government's investment in national infrastructure programmes and highways, rail, environment and port works.

In the year ahead, entering the third year of the SDF will see the associated turnover increase to half of our sector's total turnover and we hope to see further success with other pipeline framework opportunities building on the strong relationships and reputation for delivery we have established with National Highways and local authorities. Through maintaining our relationships with private sector clients we hope to gain more market share within this sector. With a strong pipeline of opportunities for the 2023/24 financial year, we are aiming to organically grow both private development infrastructure projects and work within the public sector, for clients like National Highways, Network Rail, the Environment Agency, local highways authorities and highways alliances, and ports. We are confident we will maintain steady turnover growth within this sector.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Business Review

Despite ongoing challenges within the market over the past year, our business strategy has again proved its resilience and we have continued our enviable record of industry leading project delivery, whilst working to the highest safety standards.

Winvic continues to aim for the highest possible standards across every aspect of our work and our ability to satisfy the increasing demand for our services from both new and existing clients, whilst maintaining an enviable record of responsible and ethical project delivery, and outstanding safety records, has required ongoing investment in all areas of our operations. Our continued success is testament to the skills, expertise, commitment and drive of all our people in everything we do, guided by our 'Doing It Right' ethos and 'The Winvic Way' values when carrying out their roles and day-to-day activities.

Investing in the Future

Winvic aims to raise the bar for delivering sustainable buildings and infrastructure for our clients, whilst also leaving a lasting positive, social, environmental, and economic legacy. Momentum towards low carbon and Net Zero Carbon commitments from our clients has continued to accelerate across all sectors, and with Winvic's commitment to becoming a Net Zero business by 2025, we have continued to invest in our inhouse capacity in this specialist area. With the nature of roles needed to service both current and future project delivery becoming increasingly specialised, we have further strengthened our resources within our operations teams and all core business support functions to ensure we can continue to provide an industry leading service to our clients now and into the future.

We recognise our people as our greatest asset and that having a diverse workforce is crucial to the future success of our business. Therefore our goal is to ensure Winvic is a happy, safe, healthy and inclusive place to work. We are dedicated to ensuring equal employment and progression opportunities and to fairness in our recruitment, development, promotion and reward practices - inclusive and accessible to all. Our Investors in People (IiP) status reflects our people management and development excellence. All our employees are supported by tailored, individual training and development plans to encourage them to achieve their full potential.

During the year, we have continued to develop and expand our online Dayforce E-Learning system to provide our employees with an even wider library of learning and development opportunities and resources, available 24/7. By providing a flexible, accessible platform, we have empowered our employees to take control of their own learning and development, driving innovation across the business. This complements our head office training centre and satellite Sustainability and Innovation Hub to enable our teams to upskill in the latest sustainability and digital advancements, in a real time onsite scenario. This means all our employees can benefit from in-house training and development, arming them with the tools, resources and support they need to develop with the business and industry. Our membership of industry bodies such as the Civil Engineering Contractors Association (CECA), has enabled us to access sector specific training and development opportunities to bolster the skills and expertise of our teams within this sector to service our public sector projects and frameworks.

We are proud that 13% of our workforce are undertaking early years or 'earn and learn' training and education programmes, including apprenticeships and industry placements, which helps to secure a talent pipeline. Our accredited training schemes with the CIOB (Chartered Institute of Building), ICE (Institution of Civil Engineers) and RICS (Royal Institute of Chartered Surveyors), continue to go from strength to strength, and we continue to support new groups of employees working towards and achieving professional accreditations and qualifications. This year, our bespoke leadership development programmes have benefitted a further 51 employees across the business as part of our commitment to training and personal career development to drive performance.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

As a responsible employer, for many years, we have been actively engaged in initiatives and activities aimed at attracting and developing an increasingly diverse workforce and we have been encouraging young people to enter the sector and promoting an environment in which they can thrive, develop and progress. The expansion of our apprenticeship, year in industry placement and graduate programmes are helping us to attract a wider range of employees to increase our talent pipeline. We recognise that we have an important part to play in helping to tackle future industry skills shortages in meaningful ways by proactively promoting the sector and encouraging diversity. Attracting, retaining, and progressing talent within our business and promoting best practice, and at the same time positive role models, reinforces a positive image of the industry. By investing in all areas of our business, we have opened up further opportunities for female talent to join us and create an environment in which they can thrive and develop, and over time through natural career progression, reach senior positions which will in turn have a positive impact on the gender pay gap. To complement our fantastic employee benefits and loyalty reward programmes which demonstrate our commitment to Putting our People First, in the year ahead, we will be introducing an enhanced Maternity Pay Policy, which we anticipate will help us to maintain our excellent retention rate and we hope will attract more female talent. Like all businesses within our industry, we can't afford to miss out on this talented and broader candidate pool.

Throughout the year, we have continued to focus on building excellent relationships with education and training partners across the country and industry bodies, to allow us to promote the construction sector as much as we can through school talks, student interview practice, work experience placements, virtual careers events and through our online channels. By introducing construction as a career path at an early age, targeting primary schools to inspire a diverse range of children from a young age, and actively promoting positive role models and the broad range of careers available, we hope to encourage them to aspire to join the industry in the future.

We regularly celebrate national initiatives such as Women in Construction Week, International Women's Day and National Careers and Apprenticeships weeks, to shine a light on role models from a wide range of roles who are an inspiration across Winvic. We have continued to sponsor Nottingham Trent University's (NTU's) Women in Construction Award and proactively support Women in Construction and Engineering events across the country encouraging employee participation to provide talks and deliver interactive STEM workshops as well as promoting career pathways. Through our onsite Sustainability and Innovation Hub, we are seeking to inspire and enhance our educational engagement activities by inviting local schools, colleges, and universities to experience the latest industry advancements.

To complement our portfolio of ISO accreditations which provide our clients and supply chain with a guarantee of the quality and safety of our business management systems and processes, during the year, we secured ISO 44001 collaborative working as part of the National Highways Scheme Delivery Framework, and we have been working on securing the Achilles ISO 14064 accreditation to give us a robust, third-party verified carbon footprint certification to enable us to meet our Net Zero by 2025 target. We also successfully secured the RISQS (Railway Industry Supplier Qualification Scheme) accreditation, to enable us to bid for major rail frameworks and apply for principal contractor licences and to carry out our own works on the Strategic Rail Network for Network Rail.

We are fully committed to combatting modern slavery, our programme of training for all new and existing employees is ongoing and we have engaged with our supply chain to outline our commitment under the modern slavery act and in commercial terms. Our next statement will be published on our website in September 2023.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Leading Through Innovation

The demand for our inhouse Building Information Modelling (BIM) and Virtual Reality (VR) offering has continued to grow from clients who really understand the benefits of using BIM to its fullest potential. We have continued to illustrate to our clients the tangible, end-to-end benefits it can deliver from the pre-construction phase to post construction and occupation. Over the last year, we have utilised the technology on 26 projects. To meet the demand, we have increased the number of specialist roles in this area alongside upskilling our employees using our state-of-the-art facilities and satellite Sustainability and Innovation Hub.

Driven by our focus on digital effectiveness in the way we use technology in all areas of our business operations, we have made further progress with our Digital Strategy designed to streamline and improve our digital platforms to enhance and improve operational excellence and customer experience. During the year, we rolled out our new Common Data Environment (CDE) / Operating System, Procore. Over the course of the past 12 months, we have invested heavily in resources to address industry challenges and upskill both Winvic's own staff and members of our supply chain to bring them on the digital journey with us. Helping to upskill the whole team, as well as the next generation of construction workers, is crucial in our fast-moving industry where digital is the future.

As part of this, we have continued to invest in IT infrastructure on sites which has improved internet connection speeds and reliability on sites, even in remote areas. This has had a transformative impact on operational day-to-day effectiveness, improving collaboration between project teams to deliver high-quality results and drive projects forward more efficiently. Our investment in other IT infrastructure upgrades, such as BIM workstations on sites, has empowered our employees to work more efficiently and collaboratively, reducing downtime and improving project outcomes. Our sustained investment in inhouse BIM/VR and digital resources echoes our commitment to driving innovation and growth within our business and the wider industry.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Doing it Right for a Sustainable Future

As well as protecting the planet for future generations, we want to raise the bar for delivering sustainable buildings and assets for our clients, whilst also leaving a lasting positive, social, environmental and economic legacy. Our approach to sustainability ensures best practice across all our activities, extending beyond the construction projects we deliver, through our own business operations, and supporting our clients to achieve their sustainable goals.

We recognise the importance of having a strategy that is aligned to our business goals and agile enough to be able to deliver against the evolving needs of our clients. Therefore, in 2022, we updated our strategy with a renewed roadmap building on our progress and impact to date and lessons learned so far. We remain committed to our ambition to become a Net Zero business by 2025, carbon reduction continues to be a key focus and we have driven further progress towards this goal.

Winvic's Sustainability Strategy focuses on four key pillars:

- People: Putting People First
- Innovation: Leading Through Innovation
- Planet: Protecting The Planet
- Community: Partners In Communities

These pillars are underpinned by six key sustainable goal areas with targets which support the Global Sustainable Development Goals (SDGs) against which we measure our performance annually. To drive further progress over the past year, the Sustainability Leadership Team has been empowered to approve sustainability initiatives and innovation ideas brought forward through the pillar working groups, who are responsible for measuring progress against the targets and KPIs and developing initiatives to meet these.

As part of our Net Zero Strategy, for the past three years we have been investing heavily in the infrastructure and resources needed to enable us to deliver net zero assets, to satisfy the growing demand from our clients. The roll out of our Sustainable Procurement Framework is assisting us to source materials more sustainably, ethically and where possible locally. To support this, we have continued to work collaboratively with our Green Supply Chain partners whose carbon reduction is crucial to us achieving our Net Zero by 2025 ambition and meeting the ESG commitments made by our clients now and in the coming years. Through workshops we are exploring ways we can work together to drive down operational and embodied carbon emissions.

On a project-by-project basis, our inhouse Sustainability Team works in partnership with our project teams, clients and supply chain to provide their expert knowledge and embed sustainability into the full project lifecycle. Securing the engagement and commitment of both our clients and supply chain is enabling us to work collaboratively to develop a more sustainable future in construction.

Our investment in specialist in-house expertise, technologies and forward-thinking approaches to construction, has seen us working on 18 Zero Carbon projects over the past year, with our schemes becoming a source of inspiration for Net Zero in the industry, and puts us in the ideal position to support the ESG commitments made by our clients now and in the coming years.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

A Transparent Approach to Reducing our Carbon Emissions

The business has been measuring and externally certifying its operational carbon footprint for 11 years, committing to measuring, managing, and reducing operational Greenhouse Gas (GHG) emissions annually, with intensity metrics due to the business growing both its employee numbers and turnover year-on-year. This year, we have achieved the Achilles Carbon Reduce Certification in line with ISO 14064, which we're proud to add to our portfolio of ISO and CSR accreditations. This globally recognised, third-party verified certification is aligned with industry best practice for emission measuring and reporting. The certification demonstrates that our GHG emissions reduction plans and progress have been reviewed in line with Toitu Carbon Reduce programme requirements.

Winvic remains steadfast in its commitment to becoming a Net Zero business by 2025. Our aim is to Protect the Planet by reducing GHG emissions – both during construction and during the lifetime of the buildings and assets we create. We have continued to educate employees across our business and sites to be conscious of their energy use and impact on the environment. Having identified fuel and business mileage as two key contributors, we are proactively tackling these hotspots within our carbon footprint. Alongside our Green Car Incentive Scheme, we are providing electric charging points and promoting a cycle to work initiative, together with encouraging the use of car sharing and virtual meetings to reduce the need for business travel as measures to improve energy efficiency at our head office.

On our construction sites, our temporary site accommodation offers the lowest carbon footprint possible. The use of Photovoltaic (PV) solar panels and battery back-up generators have been rolled out across more of our sites, plus we have switched to green energy tariffs and use alternative fuels and energy sources where available. Each year, we seek to improve the way we benchmark, monitor and report our sustainability KPIs to continuously reduce the impact of our sites and offices and our Sustainability Working Group has reviewed and stretched our sustainability performance KPIs with a focus on initiatives to reduce operational carbon emissions.

Throughout the year, we have been promoting a circular economy through reducing and eliminating waste and maximising resource efficiency. Working with our supply chain to promote waste reduction, we have maintained industry leading figures, with 97%+ diverted from landfill through re-use, recovery and recycling initiatives. Through our partnerships with new social enterprise suppliers for waste and wood recycling, we are working collaboratively to meet both our recycled waste and community impact targets. Other initiatives explored during the year include looking at how we can reduce transportation and site deliveries. Methods include off site and modular construction to maximise structural efficiency, sourcing regenerated materials and those with higher recycled content, and using low-carbon and alternative concrete mixes, and onsite concrete batching.

In the year ahead, we will be increasing the amount of PV solar panels at our head office to reduce our energy consumption from the grid, and on our sites to reduce the fuel use associated with running our temporary site accommodation. Furthermore, to progress towards our operational Net Zero target, we will be calculating our Scope 3 supply chain emissions to help us understand our full Scope 3 emissions to understand the full impact of our operations on the planet, so that we can identify the hotspots for further carbon reduction measures to be implemented working with our Green Supply Chain.

Partners in Communities

Leaving a positive social, environmental and economic legacy in the communities in which we live and work has been part of our ethos since day one and has become inherent in the way we deliver our business. Social value has become an integral part of project delivery in line with our clients' ESG commitments on developments. Our dedicated Social Responsibility team has continued to work collaboratively with our clients and their partners to align with their responsible business pledges and deliver against project related local authority planning conditions or obligations.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Our alignment with our clients' ESG related social impact ambitions has enabled us to secure more high profile and nationally significant projects, including public sector frameworks. We have seen an increased demand for this collaborative approach to delivering social value through a range of engagement activities, to effectively target and provide support and resources for the key issues that communities are facing, particularly during the cost of living crisis. On a project level, we have volunteered time and resources to support a range of local community projects and initiatives to support both our CCS and social value commitments. Through educational engagement and curriculum enhancement activities, we have sought to inspire the next generation about the construction industry and how they can be part of building a sustainable future. In the year ahead, we will be introducing a new Employee Volunteering Policy to enable employees to take a day's paid work time each year for corporate volunteering to contribute their time and talents to recognised charities, causes or not-for-profit organisations, making a positive difference in their communities.

To complement this, in the past year we have added new social enterprises to our supply chain to increase our spend and support for Voluntary Community and Social Enterprises (VCSEs). Our partnerships with VCSEs like Nuneaton Signs have proved to make a real difference to people's lives. For example, the social enterprise which employs people with disabilities created four 12-month traineeships for young people as a result of our signage requirements.

As a Partner of the Considerate Constructors Scheme (CCS) since 2016, we remain committed to working in a respectful way, not only being mindful of our workforce, but also the environment and local communities. To demonstrate our commitment to raising the bar further for considerate approaches to construction, we set ourselves new challenging benchmarks for average CCS scores through to 2030 as part of our Sustainability Strategy Community Pillar. In 2022, we saw our average score increase to 42/45 and several of our sites achieved top scores of 45/45 as well as points for demonstrating innovation and best practice.

Resetting the Bar for Health, Safety and Wellbeing – Doing It Right

Despite notable increases in the number of people and man hours worked across our sites, we are proud of our exemplary health and safety record, as demonstrated by our coveted RoSPA President's Award for twelve consecutive years. Ongoing excellence is always our driver, and our 'Doing It Right' cultural change programme to further improve behavioural safety standards across the business has helped us to maintain an outstanding AFR which has reduced by 71% since the initiative launched. As part of this, we rolled out three focus topics during the year to help drive improvements within areas identified through our observation reporting tool, and a new Service Avoidance Procedure. We launched a new Doing It Right Excellence Award to recognise best practice across our sites. During the year, we recognised the tremendous potential of our VR technology to deliver Health & Safety training sessions more creatively than ever, so we developed immersive VR training sessions on three focus areas: Slips, Trips & Falls, Service Strikes, Falling Objects.

Putting our people first has enabled us to consistently maintain an enviable staff retention rate which is testament to the high levels of employee satisfaction. Our commitment to investing in our people has been complemented by new employee benefits and loyalty reward programmes, including the MyZone fitness scheme and the Pirkx health and wellbeing benefits and rewards programme. The introduction of a Green car incentive scheme, cycle to work initiative and Green pension investment options are helping to engage and motivate our employees towards our sustainable future. We have trained more Mental Health First Aiders across the business and set new KPIs to increase this further. As we continue to raise the profile of mental health across our business by creating an environment that encourages everyone to talk about it openly and provide access to a wellbeing service, we offer our employees a 24/7 confidential helpline and short-term counselling with fully qualified counsellors. In the year ahead, our new Maternity and Employee Volunteering policies will further enhance our employee benefits package to reward our loyal employees.

Each year, our teams work hard to uphold the portfolio of high-level standards and accreditations - ISO 9001, 14001, 45001 and 27001 - that help us to secure future work by providing a guarantee of our exemplary processes, products and services across areas of health, safety, environment and quality. To complement these, during the year, we achieved the ISO 44001 standard for collaborative working through the SDF, to support our work within public sector frameworks as well as the Achilles Carbon Reduce standard in line with ISO 14064.

WINVIC CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

During the year, we launched a new intranet to keep our employees engaged and up to date, as well as provide easy access to our new and existing systems in line with our Digital Strategy Plan. Alongside this, we have been continually investing in our IT systems, resources and infrastructure to ensure we continue to meet the required standards for best practice in information security management, and to provide cyber secure, IT equipment with remote access to enable our employees to work remotely when required. During the year, we adopted the government led Cyber Essentials security standard to benefit both our public and private sector clients by providing the assurance that we are following IT Security best practice to protect the business.

Our Future

The Group's prospects look positive for financial year ending 2024 and beyond with a current forward order book of £1,283m.

The business continues to utilise the ethos and practices that have served it well in the Industrial sector to increase its workload within both the Multi-room and Civils & Infrastructure sectors.

Section 172 (1) Statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, have acted in a way that they consider, in good faith, promotes the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

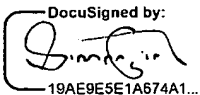
Such considerations of how s172 factors have been applied by the Board have been noted below:

- the likely consequences of decisions in the long term have been discussed further in 'Our Future';
- the interests of the company's employees can be found within 'Investing in the Future' and 'Resetting the Bar for Health, Safety and Wellbeing - Doing it Right' sections;
- the need to foster the company's business relationships with suppliers, customers and others is included within 'Winvic Ethos';
- the impact of the company's operations on the community and the environment please see details included within 'Doing it Right for a Sustainable Future' and 'Partners in Communities';
- the desirability of the company maintaining a reputation for high standards of business conduct remains paramount to the business and can be seen throughout our report. One example can be seen within 'The Future of Modern Contracting – Our Commitment to BIM'; and
- the need to act fairly between members of the company is summarised below.

The company recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the Board encourages active dialogue and transparency with all its stakeholder groups.

The Board of Directors is responsible for setting the company's overall strategy and maintaining oversight of its activities. The Board believes that having regard to each of these stakeholder groups ensures the proper discharge of their duties under section 172 (1).

This report was approved by the board and signed on its behalf by:

DocuSigned by:

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S Girardier
Director

Date: 18 July 2023

WINVIC CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 for the company's financial statements 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Results and dividends

The profit for the year, after taxation, amounted to £9,196,000 (2022: £13,548,000).

The directors declared the payment of a dividend of £11,500,000 (2022: £14,200,000). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year are stated on the company information page.

Charitable donations

Charitable donations for the year amounted to £1,047,000 (2022 : £Nil)

WINVIC CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Employee involvement

The directors believe that although successful employee involvement requires support and impetus from management, the key to its effectiveness lies in giving it a local focus, however, rather than relying wholly on formal systems and structures, great importance is attached to the managerial style and the quality of direct contact and relationship with employees.

Disabled employees

It is the policy of the company to promote equality of employment opportunities by giving full and fair consideration to applications from disabled people for vacancies. Should existing employees become disabled, every effort is made to retain the employee within the workforce wherever reasonable and practicable. The company also endeavours to provide equal opportunities in the training, promotion and general career development of disabled employees.

Streamlined Energy and Carbon Reporting (SECR)

Information regarding SECR can be found in the group accounts of the ultimate holding company, Winvic Group Limited (note 22).

Strategic report

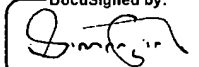
The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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S Girardier
Director

Date: 18 July 2023

WINVIC CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINVIC CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of Winvic Construction Limited (the 'company') for the year ended 31 January 2023, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, 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 company's affairs as at 31 January 2023 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

WINVIC CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINVIC CONSTRUCTION LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

WINVIC CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINVIC CONSTRUCTION LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of construction companies;
- we assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias, in particular the calculations involved in the recognition of long term contracts, including reviews of forecasts, cost allocation testing, and a review of the completeness of provisions for loss making contracts;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence, performing a review of legal and professional nominal codes and board minutes in the year and post year end;
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- to address the risk of fraud through management bias and override of controls, we:
 - tested journal entries to identify unusual transactions;
 - investigated the rationale behind significant or unusual transactions; and
 - reviewed certain nominal codes for indication of any management override.

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

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

WINVIC CONSTRUCTION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINVIC CONSTRUCTION LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Cooper Parry Group Limited". The signature is written in a cursive style and is positioned above a horizontal line.

Paul Rowley (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 18 July 2023

WINVIC CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £000	2022 £000
Turnover	1.6	1,217,423	1,029,249
Cost of sales		(1,166,361)	(980,010)
Gross profit		51,062	49,239
Administrative expenses		(40,507)	(33,185)
Other operating income		360	443
Operating profit	5	10,915	16,497
Interest receivable and similar income		233	13
Profit on ordinary activities before taxation		11,148	16,510
Tax on profit on ordinary activities	9	(1,952)	(2,962)
Profit for the financial year		9,196	13,548

There were no recognised gains and losses for 2023 or 2022 other than those included in the profit and loss account.

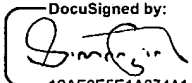
The notes on pages 21 to 34 form part of these financial statements.

WINVIC CONSTRUCTION LIMITED
REGISTERED NUMBER: 04135363

BALANCE SHEET
AS AT 31 JANUARY 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	11	534	665
Current assets			
Stocks	12	4,222	3,481
Debtors: amounts falling due after more than one year	13	14,294	11,799
Debtors: amounts falling due within one year	13	190,593	180,586
Cash at bank and in hand		104,872	101,015
		<u>313,981</u>	<u>296,881</u>
Creditors: amounts falling due within one year	14	<u>(259,215)</u>	<u>(243,389)</u>
Net current assets		<u>54,766</u>	<u>53,492</u>
Total assets less current liabilities		<u>55,300</u>	<u>54,157</u>
Creditors: amounts falling due after more than one year	15	(9,677)	(6,202)
Provisions for liabilities			
Deferred tax	16	(19)	(47)
Net assets		<u><u>45,604</u></u>	<u><u>47,908</u></u>
Capital and reserves			
Called up share capital	17	110	110
Share premium account	18	33	33
Profit and loss account	18	45,461	47,765
Shareholders' funds		<u><u>45,604</u></u>	<u><u>47,908</u></u>

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

DocuSigned by:

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S Girardier
 Director

Date: 18 July 2023

The notes on pages 21 to 34 form part of these financial statements.

WINVIC CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 February 2022	110	33	47,765	47,908
Profit for the year	-	-	9,196	9,196
Dividends paid (note 10)	-	-	(11,500)	(11,500)
At 31 January 2023	110	33	45,461	45,604

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 February 2021	110	30	48,423	48,563
Profit for the year	-	-	13,548	13,548
Dividends paid (note 10)	-	-	(14,200)	(14,200)
Shares repurchased during the year	-	3	(6)	(3)
At 31 January 2022	110	33	47,765	47,908

The notes on pages 21 to 34 form part of these financial statements.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

Winvic Construction Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company and all values are rounded to the nearest hundred thousand, except where indicated. The financial statements are for the year ended 31 January 2023 (2022: year ended 31 January 2022).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been consistently applied throughout the year:

1.2 Going concern

The company has made a profit in the year and at the balance sheet date has a strong cash balance and significant net current asset resources amounting to £54.8m. The directors have prepared financial forecasts and they show that the company has sufficient cash available to it during the foreseeable future to meet liabilities as they fall due.

On that basis, the directors have prepared these financial statements on a going concern basis.

1.3 Disclosure exemptions

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the group accounts of Winvic Group Limited. The group accounts of Winvic Group Limited are available to the public and can be obtained as set out in note 22.

1.4 Research and development expenditure

Research expenditure is written off to the profit and loss account within cost of sales 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.

Any tax credits arising in respect of research and development expenditure are credited to other operating income within the profit and loss account when it is reliably measurable and it is probable that the credit will be received.

1.5 Operating leases

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

WINVIC CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

1. Accounting policies (continued)

1.6 Turnover

Long term contracts

Turnover comprises the fair value of consideration received or receivable, net of any Value Added Tax, rebates and discounts.

Turnover arises from increases in valuations on contracts and is the gross value of work carried out for the period to the balance sheet date, including contract variations and claims.

Variations in contract work are only included to the extent that it is probable that they will result in revenue and that they are capable of being reliably measured.

Where the total income of a contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable contract costs incurred will be recoverable.

Profit on contracts is calculated in accordance with accounting standards and industry practice. Profit recognition is based on an assessment of the overall profitability forecast on individual contracts and is recognised when the outcome of the contract can be assessed with reasonable certainty. The profit recognised reflects that part of the total profit currently estimated to arise over the duration of the contract that fairly represents the profit attributable to work performed at the balance sheet date. The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract.

Provisions are made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

Carbon credits

Turnover from the sale of carbon credits is recognised when the significant risks and rewards of ownership of the credits have transferred to the customer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Improvements to property	- 10 years straight line
Motor vehicles	- 4 years straight line
Fixtures, fittings and equipment	- 4 years straight line
Computer equipment	- 2-4 years straight line

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

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

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account within administrative expenses.

1.8 Stocks

Stocks reflect carbon credits that are held directly for resale on contracts with customers, to offset future carbon emissions.

The associated costs and revenue are recognised in the profit and loss account when the significant risks and rewards of ownership of the credits have transferred to the customer.

Stocks of carbon credits purchased are stated at the lower of cost and net realisable value, being the estimated selling price less cost of purchase. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks of carbon credits are assessed for impairment. If an impairment is identified, the carrying amount is reduced to its selling price less costs to complete and sell. Any impairment loss is recognised as an expense within cost of sales in the profit and loss account immediately.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. Accounting policies (continued)

1.9 Long-term contracts

Amounts recoverable on long term contracts (AROC) represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the turnover accounting policy) less a provision for foreseeable losses and less progress billings.

AROC is presented in debtors on the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented in payments on account within creditors on the balance sheet.

1.10 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.11 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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

1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

1.13 Current and deferred taxation

The tax charge comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

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

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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

Recognition of profit on long term contracts

Profit recognition is based on an assessment of the overall profitability forecast on individual contracts. Losses are recognised as soon as they are foreseen. Profits are recognised by the directors when the outcome of the contract can be assessed with reasonable certainty. The profit recognised reflects that part of the total profit currently estimated to arise over the duration of the contract that fairly represents the profit attributable to work performed at the accounting date.

Recoverability of trade debtors

Trade debtors and other receivables are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves that are required for irrecoverable debt. Provisions are made specifically against specific invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ, the director's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not, external advice is sought where appropriate.

WINVIC CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

2. Judgements in applying accounting policies (continued)

Leasing

The company determines whether leases entered into are an operating lease or a finance lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

The directors estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

3. Turnover

The whole of the company's turnover is derived from its principal activity and was conducted entirely within the United Kingdom.

4. Other operating income

	2023	2022
	£000	£000
Research and development tax credit	360	443
	360	443
	360	443

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£000	£000
Depreciation of tangible fixed assets	498	624
Research and development expenditure	2,769	2,613
Operating lease rentals	340	280
	340	280
	340	280

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

6. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	52	43
Fees payable to the company's auditor in respect of:		
Taxation compliance services	8	5
Other services relating to taxation	12	19
All other services	3	5
	<u>52</u>	<u>43</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	36,368	31,940
Social security costs	4,490	3,674
Pension costs	2,134	1,651
	<u>42,992</u>	<u>37,265</u>

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

	2023 No.	2022 No.
Executive directors	10	11
Senior management and site managers	279	246
Administration	248	207
	<u>537</u>	<u>464</u>

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

8. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	2,391	2,326
Company contributions to defined contribution pension schemes	40	48
	<u>2,431</u>	<u>2,374</u>

During the year retirement benefits were accruing to 6 directors (2022: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £742,000 (2022: £724,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,000 (2022: £2,000).

9. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	2,008	2,931
Adjustments in respect of previous periods	(28)	64
	<u>1,980</u>	<u>2,995</u>
Total current tax	<u>1,980</u>	<u>2,995</u>
Deferred tax		
Origination and reversal of timing differences	(28)	(33)
Total deferred tax	<u>(28)</u>	<u>(33)</u>
Taxation on profit on ordinary activities	<u>1,952</u>	<u>2,962</u>

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022:lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	11,148	16,510
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022:19%)	2,118	3,137
Effects of:		
Expenses not deductible for tax purposes	78	18
Income not taxable for tax purposes	(68)	(84)
Fixed asset differences	(24)	(24)
Adjustments to tax charge in respect of prior periods	(28)	64
Adjustments to tax charge in respect of the change in effective rate of deferred tax	(7)	11
Group relief	(117)	(160)
Total tax charge for the year	1,952	2,962

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 January 2023 is 25% and deferred tax has been re-measured at this rate.

10. Dividends

	2023 £000	2022 £000
Dividends paid	11,500	14,200

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

11. Tangible fixed assets

	Improvements to property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 February 2022	43	269	1,705	1,583	3,600
Additions	-	-	199	175	374
Disposals	-	(23)	-	-	(23)
At 31 January 2023	<u>43</u>	<u>246</u>	<u>1,904</u>	<u>1,758</u>	<u>3,951</u>
Depreciation					
At 1 February 2022	38	225	1,353	1,319	2,935
Charge for the year	2	18	206	272	498
Disposals	-	(16)	-	-	(16)
At 31 January 2023	<u>40</u>	<u>227</u>	<u>1,559</u>	<u>1,591</u>	<u>3,417</u>
Net book value					
At 31 January 2023	<u>3</u>	<u>19</u>	<u>345</u>	<u>167</u>	<u>534</u>
At 31 January 2022	<u>5</u>	<u>44</u>	<u>352</u>	<u>264</u>	<u>665</u>

12. Stocks

	2023 £000	2022 £000
Carbon credits	<u>4,222</u>	<u>3,481</u>

The carbon credits of £4,222,000 (2022: £3,481,000) are held for resale to customers to offset carbon emissions.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

13. Debtors

	2023 £000	2022 £000
Due after more than one year		
Construction contract retentions	14,294	11,799
	<u>14,294</u>	<u>11,799</u>
Due within one year		
Trade debtors	111,486	107,687
Amounts owed by group undertakings	31,918	32,722
Other debtors	204	781
Prepayments and accrued income	808	312
Amounts recoverable on long term contracts	10,196	9,741
Construction contract retentions	35,981	29,343
	<u>190,593</u>	<u>180,586</u>

14. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Payments received on account	38,779	62,284
Trade creditors	132,985	92,639
Corporation tax	988	-
Other taxation and social security	17,986	16,926
Subcontractor retentions	30,637	26,406
Other creditors	289	239
Accruals and deferred income	37,551	44,895
	<u>259,215</u>	<u>243,389</u>

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

	2023 £000	2022 £000
Subcontractor retentions	9,677	6,202
	<u>9,677</u>	<u>6,202</u>

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

16. Deferred taxation

	2023 £000	2022 £000
At beginning of year	47	80
Credited to the profit and loss account	(28)	(33)
At end of year	<u>19</u>	<u>47</u>

The provision for deferred taxation is made up as follows:

	2023 £000	2022 £000
Fixed asset timing differences	58	80
Short term timing differences	(39)	(33)
	<u>19</u>	<u>47</u>

17. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
99,750 Ordinary shares of £1.00 each	99,750	99,750
9,975 Ordinary A shares of £1.00 each	9,975	9,975
23,100 Ordinary B shares of £0.01 each	231	231
22,300 Ordinary C shares of £0.01 each	223	223
	<u>110,179</u>	<u>110,179</u>

The company's Ordinary shares carry full voting and dividend distribution rights and full rights to capital distributions.

The company's Ordinary A shares carry no voting rights but do confer a right to dividend distributions and full rights to capital distributions.

The company's Ordinary B shares and Ordinary C shares carry no rights to voting or dividend distributions and confer certain rights to capital distributions as prescribed in the company's articles.

WINVIC CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**18. Reserves****Share premium account**

This represents the difference arising between the consideration less nominal value of shares issued. The share premium account is not distributable.

Profit and loss account

Represents all current and prior period accumulated profits and losses, less dividends paid.

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,134,000 (2022: £1,651,000). Contributions totalling £287,000 (2022: £238,000) were payable to the funds at the year end and are included within creditors.

20. Commitments under operating leases

At 31 January 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£000	£000
Not later than 1 year	344	344
Later than 1 year and not later than 5 years	752	1,096
	<u>1,096</u>	<u>1,440</u>

21. Related party transactions

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the exemption contained within FRS 102 33.1A from the disclosure of transactions with group companies.

During the year, the company made sales of £15,669,000 (2022: £3,943,000) to companies in which some of the directors hold a significant interest. Amounts of £3,392,000 (2022: £5,608,000) and £85,000 (2021: £961,000) were included within trade debtors, other debtors and amounts recoverable on long term contracts respectively.

The company also rents property from companies in which some of the directors hold a significant interest. Annual leases payable to these companies total £127,000 (2022: £127,000).

The company also rented property from the pension scheme. Annual leases payable to the pension scheme total £Nil (2022: £56,000).

WINVIC CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

22. Ultimate parent company

The company is a wholly controlled subsidiary undertaking of Winvic Group Limited.

Winvic Group Limited is the ultimate parent company, incorporated in the United Kingdom and is the largest and smallest group for which consolidated accounts are prepared. Consolidated financial statements can be obtained from Companies House, Cardiff, CF14 3UZ.

Winvic Group Limited is controlled by its principal shareholders S Girardier, S Hunt and D Ward.