Carey Group Limited

Annual Report and Accounts
for the Year Ended 30 September 2021

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At a glance

Careys revenue by sector

Residential	20%
Energy	17%
Arts and leisure	16%
Other	10%
Healthcare	9%
Commercial	7%
Mixed development	7%
Infrastructure	7%
Education	7%

Our capabilities (services)

- Design, digital and construction engineering solutions
- Demolition, cut and carve and façade retention solutions
- Site remediation and enabling works
- Infrastructure and all civil engineering elements
- Complex basements, substructures and concrete superstructures
- Public realms and hard landscaping

	2021 £'000	2020 - 18 months £'000
Careys operating profit	£1,701	£26,421
Number of employees	814	1,079

BDL revenue by sector

Residential	60%
Commercial/ Washrooms	40%

Our capabilities (our services)

- Dry lining and suspended ceilings
- Screeding of floors within buildings
- Design and fit-out of washrooms

	2021 £'0000	2020 – 18 months £'000
BDL operating profit	(£2,664)	£4,360
Number of employees	99	131

Strategic Report

Chief Executive Officer's review

Introduction

I am delighted to share the 2021 Annual Report for the Carey Group and my first having served a full financial year as the Group's Chief Executive Officer.

Following on from the introduction of our five-year strategy for the Carey Group last year, I am pleased to say that within the reporting period, it has continued to deliver a cohesive vision for our teams. We have maintained the momentum it provided and its embedment across the Group is visible throughout.

Our strategy, containing a clear vision, mission, values, and behaviours, and three strategic goals, underpinned by strong commercial and financial management, has helped focus our businesses and provided a stable foundation as we begin to grow again.

For the past year our energies have focused on continuing to stabilise the business in a tremendously uncertain time whilst also progressing our three strategic goals of creating a great place to work, delivering operational excellence and becoming a partner of choice not just to our clients, but to our supply chain and everyone we partner with.

Great Place to Work

In the Great Place to Work area, this year we launched our first ever Group-wide engagement survey which returned both a positive participation rate and engagement score. The feedback from our people was insightful and promising and will provide a springboard from which we can improve over the coming year. Also, in pursuit of this goal, this year we established our Diversity and Inclusion Council which I am proud to be the Executive Sponsor for. Filled with representatives from across the Group, the council has started to make great inroads on ways we can improve diversity and inclusion not just at the Carey Group but more widely across the industry too, so that every person, regardless of race, gender, age, or any protected characteristic, can thrive within construction.

Operational Excellence

Operational Excellence requires first-class digital and sustainability strategies, and I am delighted with the progress we have made in both within the reporting period. The development of our digital strategy is well underway and with regards to sustainability, our simple and effective 'three Cs' approach - Carbon, Compliance+, Community - has sewn a golden thread through our wider strategy to support us reaching our vision of being the most trusted and socially responsible construction company that people are proud to work with.

Partner of Choice

Over the past 52 years the relationships we have built and maintained with our partners of choice have been instrumental to our success. As we prepare for a period of growth, our partners, and not just clients, but suppliers, subcontractors, and industry influencers too, will be those who understand our values, and who, through mutually beneficial relationships, we can learn from and improve with.

Challenges

It would be remiss of me not to comment on the challenges that the Group, industry and indeed world have faced over the past year. From the continued effects of Covid-19 and labour shortages to inflation and supply chain issues, this year has felt at times as if we simply moved from one crisis to another. However, in spite of this our teams have continued to perform steadfastly, and we have faced these challenges in the Carey Way, controlling what we can control and using our strategy to guide us.

The year ahead

Despite the challenging conditions, I am pleased to report a strong order book of £666.8m for the upcoming financial year for the Carey Group. The successes of the past year and the strong start we have made for the upcoming financial year would not have been possible without the hard work and loyalty of our people, and the clients and partners we work with. I would like to thank everyone for the commitment they continue to show.

This year has shown me more than I ever truly realised that we have great people working towards an outstanding vision. I look forward with a resolute mindset in terms of what's required for us to achieve our goals and remain cautiously optimistic that we have everything we need in place for success in the year ahead. As always, we will do it with care, humility, passion, and authenticity – the Carey Way.

Let's go.

Jason Carey
Group Chief Executive Officer

Strategic Report

Operational review

P.J. Carey (Contractors) Limited – (Now branded as Careys)

Careys operates across England, Scotland, Wales, and Ireland with offices in London, Milton Keynes, Glasgow, and Dublin.

The business operates in the following sectors:

- Energy
- Retail
- Education
- Industrial
- Arts and leisure
- Transport
- Aviation
- Residential
- Infrastructure
- Healthcare
- Mixed development

Top five turnover revenues for the reporting period include 20% residential, 17% energy, 16% arts and leisure, 9% healthcare and 7% commercial.

Within these sectors we provide the following services:

- Development of design, digital and construction engineering solutions
- Delivery of demolition, cut and carve and façade retention
- Site remediation and enabling works
- Provision of a project's infrastructure and all civil engineering elements
- Construction of complex basements, substructures, and concrete superstructures
- Creation of public realms and provision of hard landscaping

Highlighted projects for the reporting period include Shepperton Studies, Gravenhill and Glasgow University projects where we provided civils and infrastructure packages, Audley Square Redevelopment in Mayfair as Principal Contractor for the design and build of a new eight-storey building with five levels of basement, Aberdeen NESS and Slough Energy from Waste facility providing site wide services, infrastructure, substructure works and superstructure works, Heartlands Hospital in Birmingham constructing a four storey reinforced concrete frame, Co-op Live in Manchester includes sub-structure and superstructure works – for a state of the art venue that will host international music, charity and business events.

We entered 2022 with an order book of £577.8m with projects throughout the UK. We have seen a significant increase in enquiries and opportunities in the residential, education, infrastructure and from the energy sector. We are now seeing solid movement of opportunities in London and converting into live projects. Our strategic pipeline currently includes over 70 projects and is in excess of £1.8bn.

BDL Group Limited - (Branded as BDL)

BDL projects operate predominantly across London and the Southeast of England and is headquartered from the Carey Group's head office in London.

The business operates in the following sectors:

- Residential
- Commercial / Washrooms

The revenue split for the reporting period across the three sectors were 60% residential, 40% commercial and washrooms.

Within these sectors we provide the following services:

- Installation of dry lining and suspended ceilings
- Screeding of floors within buildings
- Design and fit-out of washrooms

BDL delivered a number of schemes in the financial year. Most notable of the commercial schemes were projects at Triton Square, Nine Elms, and the new Google headquarters at Kings Cross. On the residential side there continues to be a wide range of schemes at a number of locations including Aylesbury Vale, Southall, and Kew Bridge.

Despite the ongoing economic impacts of the pandemic and Brexit, BDLs relationship with key clients and suppliers remains strong with over £50m of work secured for the coming financial year.

T.E Scudder Limited; Seneca Environmental Solutions Limited; P J Carey (Contractors) Limited, incorporated in Ireland and Careys New Homes Limited

- Seneca has ceased resource recovery activities out of the Seneca facility and is now only offering RDF brokerage services to a select number of existing clients.
- Careys Building & Civil Engineering in Ireland no longer exists as a brand and any projects in Ireland moving forward will be delivered by Careys.
- The development of residential land via Careys New Homes ceased in 2020 and the remaining pipeline was sold in 2021.

We entered 2022 with a predicted turnover of £17.1m within the above listed companies which is predominantly derived from Seneca (£11.1m) and Careys Building & Civil Engineering (Ireland) (£6.0m).

Summary and outlook

We started the reporting period believing, as a nation, the pandemic restrictions would start to lift albeit within a 'new normal'. Within two months however, we were once again in lockdown, adapting and changing, complying correctly with government advice, and as always putting the health, safety, and wellbeing of our people, first.

The construction industry continued to operate with our site operations ensuring a great place to work for our people. A focus on operational excellence resulted in strong performances from our site teams across the UK on behalf of our partners of choice.

In March 2021, Bjourn Bigley was appointed Managing Director of Careys subsequently putting in place a new senior leadership structure in the form of six Regional Directors with supporting roles. This regional approach to operational delivery continues to deliver sustainable growth on a national basis for Careys.

BDL, under the continued leadership of Managing Director Lee Daniels, delivered strong performances throughout the reporting period for existing and valued residential and commercial clients in London and the South-East of England.

Both Careys and BDL have of course felt the effects of the challenging markets in which we operate. Labour shortages due to the pandemic, Brexit and tax changes reached a high in the summer months effecting many projects, mostly in London and the South of England. This, coupled with construction materials inflation, saw many materials we use in large volumes more than double in price with lead times tripling.

Through solid, long-term relationships and additional planning and management, we managed to mitigate many issues and limit the negative impact, however, like others, were unable to be completely unaffected by the challenges. We continue to see the effects of both labour and materials shortages within the industry, negatively effecting operations and project delivery.

Despite a challenging period for the construction industry, I'm pleased to report the strategy we have in place highlights the drive and motivation of our people to use our passion and expertise day-in, day-out, to deliver exceptional construction services.

Thank you to all our people in making our operational performance within this period one we are extremely proud of, a performance that sets the Carey Group on the path for continued, sustainable growth in the years to come.

Tommy Carey
Group Chief Operating Officer

Strategic Report
Section 172 (1) statement

The Board of Directors, in line with their duties under section 172 of the Companies Act 2006, have acted in a way that they consider, in good faith, promotes the success of the Group for the benefit of its members as a whole. In doing so they have regard to a range of matters when making decisions for the longer term.

Such considerations of how section 172 factors have been applied by the Board of Directors are noted below:

- The likely consequences of decisions in the long term have been discussed further in the CEO's statement on page 6 where we detail our five-year strategy.
- The interests of the Company's employees can be found within the CEO's statement where we detail our strategic goal of Great Place to Work
- The need to foster the Company's business relationships with suppliers, customers and others is included within the CEO's statement where we outline our goal to become the Partner of Choice
- The impact of the Company's operations on the community and the environment are included within Health, Safety and Environment and Quality on pages 11 to 16
- 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.
- The need to act fairly between members of the Company is summarised below

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

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

Strategic Report
Our people

Employee voice and engagement

Employee engagement and wellbeing issues continue to be at the centre of our strategy as a Group. We engage with colleagues on a regular basis and in a number of ways to suit their different working patterns and environment. This includes:

Line manager briefings
Senior leaders regular site visits
Monthly livestreamed 'Town halls' that are recorded
An internal intranet – CareysConnect
Online learning resources
Email news alerts
Monthly new business wins email updates
Focus and listening groups
Weekly bulletins
Employee social media groups (Yammer)
Quarterly magazine – Carey News
Careys 'Great Place to Work' engagement survey (launched September 2021)
Monthly 1 to 1's and regular 'check-in's'

Details of the financial and economic factors affecting the performance of the Group are shared with all employees at the appropriate time using the methods listed above. The Board of Directors conduct regular site and office visits to engage with our people directly and meet as many of our people from as large a cross section as possible, providing the Board with another channel of direct feedback from the workforce to strengthen the 'employee voice'. The Board of Directors also closely follow employee engagement and morale levels through informal listening groups, weekly check- ins and daily huddles at sites and in monthly or quarterly 1:1s. Careys formal employee engagement survey was introduced in 2021 as part of the Great Place to Work strategic goal. The survey gives employees the opportunity to feedback on all aspects of working at the Carey Group and on how our values and behaviours are lived, employee development and much more. Briefing sessions and themes, and questions and answers are published in newsletters, at team meetings and online and action planning will be ongoing in the first half of FY22.

Listening to understand each other lies at the heart of our inclusive approach. During 2021, we continued to hold feedback conversations, with our people, clients, suppliers, and our communities. Through our Operational Excellence strategic goal and delivery team and our Engineering Innovation Forum our site and project teams are able to share ideas to achieve meaningful operational changes. Our team of mental health first aiders through the business are an important safe space for colleague support and feedback and representatives from this team share key themes confidentially where appropriate. The refreshed SHED 2.5 training (currently being rolled out) also helps to raise awareness of mental health issues in our industry and signposts our people to where they can go for help, advice, or support.

The Group's BCP team (Business Continuity Planning), continued to meet at least monthly to monitor the ongoing covid threat, safe systems, and control measures that we kept in place, following guidance from government and the devolved nations we work in (Scotland, Ireland, Wales, and England).

We firmly believe however that it is in our everyday local interactions where we believe employee involvement has the biggest impact. Our daily interactions, check-ins and 1:1s are given great importance in understanding what matters most to our people and building on supportive team relationships.

Celebrating diversity

Through our diversity policy, the Group seeks to ensure that all our people, without exception, are treated equally and fairly and that all colleagues are aware of their responsibilities.

Our policies and procedures fully support our disabled colleagues. We take active measures to monitor our colleague's health through occupational health and have in place a robust reasonable adjustment policy to ensure colleagues are fully supported. The Group stays responsive to the needs of its people and should any colleague of the Group become disabled during their time with us, we will actively make reasonable adjustments to their working environment where possible, in order to keep the employee within the Group. There is also support provided through Careys Foundation and with our relevant partners such as The Lighthouse Club, the charity that provides financial and emotional support to the construction community and their families. It is the policy of the Group that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

We consistently aspire to develop a culture where our people feel valued and are inspired to contribute to their fullest potential. Building a diverse workforce takes real investment and commitment. Through case studies, we highlight successes in breaking down the gender barrier and encouraging more women to join the construction sector. We aim to tackle some of the long-ingrained biases that operate in our industry, and to offer a working environment that's fair to everybody and makes us attractive for people who want an interesting and diverse career. We wholly recognise the benefits for celebrating diversity and inclusion across the Group in what has traditionally been a male-dominated industry. Unconscious bias can deter the excellent, high-performing individuals we need to thrive as a business from making progress or even applying to join us. We now remove gender bias – whether male or female – from our recruitment communications and recruitment platform that uses behavioural algorithms to strip bias out of the hiring process, making it fairer and more objective. We have also commenced unconscious bias training for managers during the year.

During the year, our Diversity and Inclusion Council was formed. Meeting monthly with colleague representatives across the group from different backgrounds, tenures, ethnicities, genders, sexual orientation, disabilities, neuro-diversities, ages, economic and educational backgrounds, caring responsibilities and more, The Council's simple aim is to make the Carey Group a more inclusive and diverse workplace, allowing our employees to come to work and be their authentic selves. The Council is sponsored and Chaired by the Carey Group CEO, Jason Carey.

Strategic Report

Health, Safety, Sustainability and Quality

This report provides analysis on the performance of HSSQ (Health, Safety, Sustainability and Quality) throughout the Carey Group, for reporting period 1st October 2020 to 30th September 2021.

Executive Summary

The HSSQ performance of the Carey Group continues to be of a high standard, as can be demonstrated from our clients' testimonials and the physical standards being executed across our sites. We reported eleven RIDDORS (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), during this reporting period, which equals the same number as reported in FY20, despite an increase in the volume of work completed as a result of coming out of lockdown and getting back to some sort of normality. Recording eleven RIDDORs in year zero of our new five-year strategy is a 41% reduction on our five years mean average of seventeen reportable accidents.

At Board and Executive Committee level, we have produced a series of Health and Safety Vitals, which enable us to get a quick pulse, sense check of our current Health and Safety performance. We are not just focusing on our RIDDORs but are also tracking our LTI (Lost Time Incidents). We reported 16 LTIs in FY21 a reduction of 62% on our five years mean average of 42 LTIs.

We also continue to monitor underground buried services damaged during our operations, as these pose a significant threat to the safety of our colleagues. In FY21 we damaged 17 services, a reduction of 10% from the previous year where we damaged 19 services.

We believe the company's health and safety performance and therefore our culture has improved over the last year, which can be demonstrated internally by the number of audits and inspections completed versus the number of non-conformances (NCR) raised. Last year we conducted 804 internal audits and inspections, raising 223 NCRs, which returns a 0.28 average NCR issued for every audit or inspection. As a comparison, in FY20 we conducted 911 audits and raised a total of 586 NCRs, an average of 0.64 NCRs to every audit/inspection. The Carey Group had similar success in our external audits, maintaining successful accreditation to all our memberships and trade body accreditations, including successfully transferring to ISO45001, whilst maintaining ongoing accreditation to ISO9001 and ISO14001.

We launched the Carey Group Sustainability Strategy, consisting of three C's (Carbon, Compliance+, Community), completed work setting our carbon baseline and registering our commitment to set Science Based Targets in line with the 1.5C Paris agreement. (https://sciencebasedtargets.org/companies-taking-action#table). We have started experimenting with low carbon concreting on our projects in an attempt to reduce our Scope 3 carbon emissions and to support our clients in achieving carbon net zero.

The quality of the product(s) we build is monitored during Operational Excellence and Partner of Choice meetings to ensure we continually meet or exceed our clients' expectations. Again, this is supported and monitored through compliance with our BMS (Business Management Systems) and through the numerous external audits conducted on the Carey Group to ensure we maintain our accreditations, subscriptions, and memberships to several third-party verifying organisations, including Achilles, Lloyds, Constructionline, and the Common Assessment Standard.

We continue to monitor and support the wellbeing of our people through the provision of our EAP (Employee Assist Programme) and the various awareness campaigns, supported by our internal team of Mental Health First Aiders (MHFA). The Carey Group MHFA continue to provide support to individuals where required and have initiated a group support network where they can support each other whilst ensuring their own mental health and wellbeing is protected.

Policy

The Carey Group HSSQ Policy has been reviewed, amended, and approved by Jason Carey (Group Chief Executive Officer). The amendment of the Policy included the combining of our Sustainability Strategy with our Health and Safety Policy to act as a combined and integrated HSSQ Policy that shapes our thinking and approach.

The Carey Group HSSQ Policy confirms that Jason Carey is personally committed to the active promotion and implementation of the highest HSSQ standards and service to our stakeholders, based on a culture of zero defects, prevention of ill health, incidents, and impacts, whether they are to people, product, property, plant, equipment, the local communities, or the environment. Additionally, Jason seeks to protect the environment, prevent pollution, and minimise disturbance to local communities and the environment in which our works are conducted.

Careys Vision, Mission and Values

Careys Vision:
To be the most trusted and socially responsible construction company, that people are proud to work with.

Our Mission:
To use our passion and expertise day-in, day out to deliver exceptional construction services.

Our Values and Behaviours:
Care, Humility, Passion and Authenticity.

Our values have always been the DNA of the Carey Group, but until this year we have never clearly articulated them. With the help of colleagues from across the Group, for each of our four values we have now also articulated the behaviours we do and don't want to see, so that we know what we can expect from one another and can hold ourselves accountable against them.

The Group's Vision, Mission and Values have been included into the Group's HSSQ Policy and will be a real differentiator that will add real momentum in our determination to ensure Safe Home Every Day (SHED) becomes achievable, every day, within our business.

Pivotal to the success of our Vision and Strategy, is the successful delivery of our three strategic goals. These are

1) To create a Great Place to Work.
2) To consistently deliver Operational Excellence.
3) To secure our position as a Partner of Choice

The above is ultimately supported by a clear and simple message from our CEO, Jason Carey that:

'There is nothing we are ever asked to do, which is so important, that we can't take the time to do it safely.'

Organisation

The Carey Group is a leading family-owned construction business, operating across the UK and Ireland. Formed in 1969 by the three Carey brothers (John, Tom and Pat), we have continued to evolve and grow developing new capabilities through innovation and learning. We are proud to deliver an extensive range of engineering, build and construction services for our long-term valued clients.

The Carey Group of companies holds an extensive range of certifications covering everything from our health and safety, quality and environmental management systems to procurement and fleet operations.

Our certifications are recognition of our ability to achieve industry standard practice as well as operating within the bounds of legal compliance. These certifications provide our clients with confidence that the Carey Group works within an established framework and achieves the operational standards expected of a leading construction group.

Planning

The Carey Group's approach to HSSQ management, is not just to attain legal or statutory compliance but to excel in the delivery of all that we do. To support this, Computer Generated Images (CGI's) / visual standards have been created, often referred to (wrongly) on site as the Carey Way. This valuable source of reference material is available to any person within our company, providing they have a Carey Group email and have downloaded the app. The app ensures availability to the latest information at the coal face and due to its intended simplistic format, is readily digestible by all. By referring to the app and reproducing the images on site, we can set the expected standards across all of the Carey Group.

At the core of any successful management system must be a suite of formal processes and procedures. Surveillance visits are conducted by UKAS accredited certification bodies to ensure compliance with internationally recognised standards in the form of ISO9001 (Quality), ISO14001 (Environment) and ISO45001 (Health and Safety).

In the last financial year, the following key milestones have been achieved specifically within Sustainability, beginning with the appointment of a new Head of Sustainability in November 2020. A deep dive into the business took place following this appointment to understand the Carey Group and their key sustainability drivers.

This work concluded in early 2021 and in coordination with the wider business strategy the Carey Group Sustainability approach was identified as the 'golden thread' and enabler to delivering the five-year strategy. The sustainability approach, commonly known as the 3Cs, is based on three key areas identified below and establishing a baseline from which to build has been the focus of 2021 to date.

This includes accelerating our zero-carbon transition by following an emission reduction approach grounded in climate science. In 2021 the Carey Group has successfully mapped the carbon emissions of all Scope 1,2, and 3 emissions and made a commitment through the Science Based Targets Initiative. The carbon work undertaken has also enabled the identification of several critical areas of action which are the focus of the next 12-24 months.

The community strand of the strategy has focused on baselining our social value offering across the Careys and BDL portfolio. This has enabled the Carey Group to deliver against social value requirements on individual projects as well as begin to develop our social value offering at a Group level. Highlights include the development of early talent and development strategy which includes over 50 apprenticeship pathways from L2 to L6. This autumn we also launched our own Milton Keynes academy in partnership with Milton Keynes college to deliver a groundworks L2 apprenticeship programme. This is a unique utilising state of the art industry equipment and teaching facilities which will see us coach, teach and mentor 60 groundworker apprentices each academic year.

In addition, the Ethical Labour strand of Community has seen the Group establish a modern slavery huddle consisting of a multidisciplined team to address the immediate challenges as well as start to develop a roadmap for delivery on the ethical labour and modern slavery agenda. This team have successfully completed a number of client ethical labour audits, been invited to share experiences in wider industry discussions as well as progressing an internal agenda associated with right to work checks and establishing a baseline of confidence and competency associated with being able to identify the signs of modern slavery.

The Compliance+ component of the sustainability strategy has supported the ongoing retention of the Groups ISO14001 certification as well as maintaining our chain of custody accreditations for both BDL and Careys for timber and timber related products. Furthermore, through Compliance+ the Group has begun developing a suite of minimum sustainability visual standards in alignment with the existing successfully health and safety visual standards. The confidence and competence of our people when discussing sustainability is important and this year the Group has taken a number of steps to build this area including, town hall sessions on the 3Cs, providing blended learning through a number of different formats including one to one sessions, group teams call, lunch and learns, podcasts etc. This will continue to be an action area which will support delivery of our sustainability and overall company strategy.

Implementation

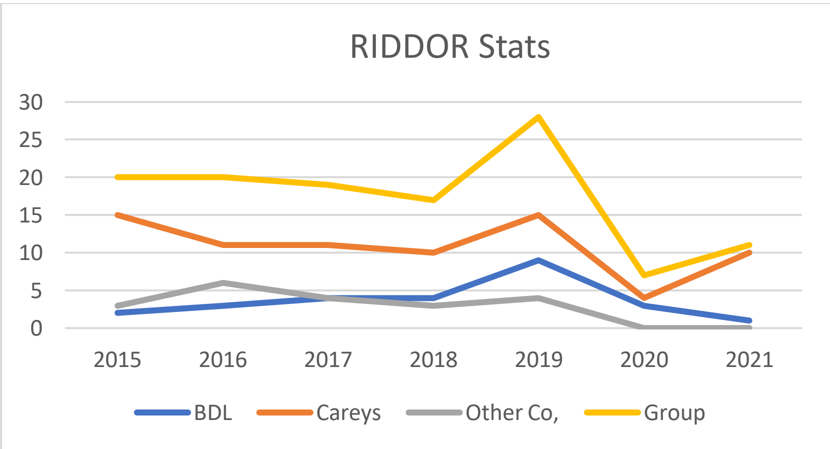
Delivery of HSSQ performance and the implementation of the company's policies and procedures is the responsibility of each and every one of our staff, as stipulated and recorded within our current HSSQ Policy. This approach ensures everyone has a duty to adopt, follow and implement the Carey Way in all that they do. The culture in Careys requires that we each hold one another accountable for maintaining and implementing these standards and the role of the HSSQ team is to assist by providing technical advice, coaching, mentoring, and monitoring of our performance. The desire is to be the most trusted and socially responsible construction company, that people are proud to work with. As can be seen by the reduction, year on year in the number of NCRs issued internally and the continued results from external audits, we believe we continue to implement and improve the delivery of our HSSQ performance and as a result our safety culture improves.

Monitoring

The Carey Group continues to monitor its HSSQ performance on a monthly basis during programmed review meetings with each individual business SLT and during quarterly Board of Directors meetings. In addition, the Risk and Audit Committee (RAC), chaired by a Non-Executive Director, now has delegated authority to regularly monitor health, safety, and quality performance, in tandem with the Head of HSSQ being appointed as a member of the committee. The purpose of the committee is to reduce overall risk to the business and to ensure our processes any systems are robustly challenged. All RIDDOR incidents are reviewed and discussed at these meetings, where the main focus is on learning lessons to prevent the recurrence and how these can be embedded within the Carey Group to become part of the Carey Way. To assist and facilitate this, we have produced SHED videos available via CareysConnect based on the TED Talks principals. These short videos prepared internally by our marketing team, enable us to capture the essence of the learning experience and depict it in an entertaining format, that encourages a semi cognitive change in their outlook and ultimately their behaviour. For complex and highly technical incidents, we have the ability internally to recreate complex issues with Computer Generated Imagery (CGI). This then enables detailed briefings and understanding by all how to prevent future copycat incidents from occurring. We continue to encourage and monitor the number of near miss and minor incidents reported and use this as a continuous gauge of how effective our culture and monitoring processes are. I am pleased to report the level of self-reporting by our site teams on all incidents, using our Spheracloud (RIVO) reporting online tool, remains positive. We do not as a business pay a bonus based on the absence of accidents or incidents on site, which we believe encourages potential bad behaviours of under reporting, nor do we pressure individuals to return to work prematurely. We do however provide various methods our staff can make representations to management and/ or the HSSQ team, either formally or anonymously if required. There have been no significant calls to the SHED 0800 hotline number in 2021 as we believe issues are raised and actioned at a local level, as demonstrated on site during Golden Hour tours, employee consultations and via 'you said, we did' messaging boards.

The Carey Group AFR (Accident Frequency Rate) for FY21 was 0.20.

Statistics



Audits

Internal audits are completed by Careys dedicated HSSQ team and our site operational teams, via Spheracloud (Rivo) info system. Non-conformances are raised, actioned, and closed out within agreed timescales. In 2020/21 there was a totally of 804 audits and inspections completed, which resulted in a total of 223 NCRs (non-conformances) being issued. This gave an average of 0.27 NCRs issued every audit, which is an improvement of 0.64 NCRs issued per audit in 2019/2020. In 2019/20 we recorded a total of 911 audits, which resulted in 586 NCRs. We would expect the number of NCRs to continue to reduce year on year as the Carey Way and the visual standards help to ensure our standards implemented by choice, do not require additional intervention to address any short comings in our standard of HSSQ performance.

The Carey Group successfully maintained its external accreditations and certifications via various external audits and in particular we were pleased to upgrade to ISO45001 for our Health and Safety Management systems with no non-conformances raised by Lloyds. We continue to maintain a register of all external and internal audits and results of which are discussed during our management review meetings.

Review

We use the formal Management Review process, part of our ISO9001 procedures as our primary review mechanism. This structured approach ensures all of the inputs and outputs, and their individual and combined effect or potential impact are reviewed, that could impact on our business and / or increase risk. Where necessary, amendments are made and briefed to our staff. Details of any changes are communicated via CareysConnect and where applicable, discussed during individual company SLT meetings and during quarterly Board of Directors meetings.

The purpose of this report is to summarise Careys HSSQ performance and to confirm our HSSQ Policy remains appropriate, suitable, and sufficient given the size, nature, and scale of our operations.

Energy and Carbon Reporting

2021 energy and carbon report for The Carey Group Ltd*

		UK 12 months ending 30 September 2021	*UK 12 months ending 30 September 2020*
	Emissions Scope	**t CO_2e**	**t CO_2e**
Emissions from combustion of gas	1	55	65
Emissions from combustion of fuel for transport purposes	1	2,930	4,644
Emissions from purchased electricity	2	206	552
Emissions from other activities which the company own or control including operation of facilities	1	5,550	8,083
Scope 1 + 2		**8,742**	**13,345**
Emissions from business travel in rental cars or employee-owned vehicles where the business is responsible for purchasing the fuel	3	340	211
Scope 1 + 2 + 3		**9,082**	**13,555**
Underlying energy (kWh)		**36,847,820**	**54,404,580**
t CO_2e / £m turnover (Scope 1 + 2)		**25.0**	**31.7**
t CO_2e / £m turnover (Scope 1 + 2 + 3)		**25.9**	**32.2**

***Please see Primary data summary tab which data have been collected and consolidated in energy and carbon totals**

Methodology

A location-based calculation of CO_2 equivalent emissions was made using data collected from utility and fuel suppliers. Energy and emissions from owned transport were modelled using fuel card data. Energy totals are on a gross CV basis, except for underlying the emissions from business travel in rental cars or employee-owned vehicles, where the energy is on a net CV basis.

The methodology is consistent with the 2021 edition of the UK Government GHG Conversion Factors for Company Reporting.

Energy efficiency narrative

This year the Carey Group has begun to develop our zero-carbon transition by following an emission reduction approach grounded in climate science. This has begun with mapping the carbon emissions of all Scope 1,2, and 3 emissions and making a commitment through the Science Based Targets Initiative.

The carbon work undertaken has also enabled the identification of several critical areas of action which are the focus which include areas such as:

1. Supply chain data and assessment validation
2. Developing procurement reporting criteria
3. Plant regulation and replacement
4. Low emission drop-in replacement fuels
5. Eco driver training

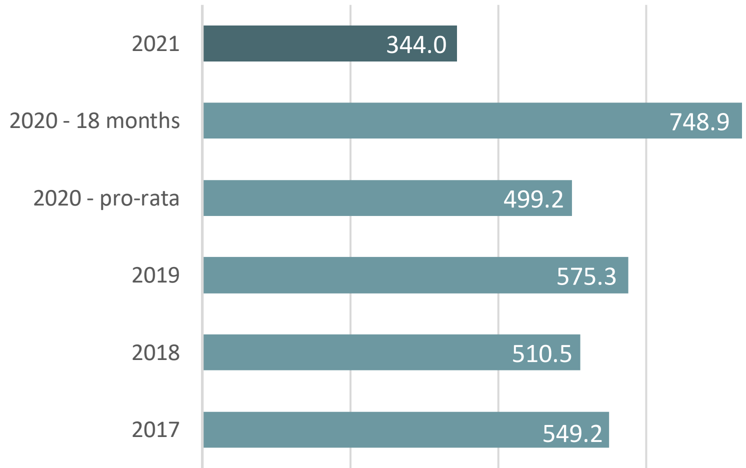
Strategic Report

Key performance indicators

Financial

Group Revenue (£m)

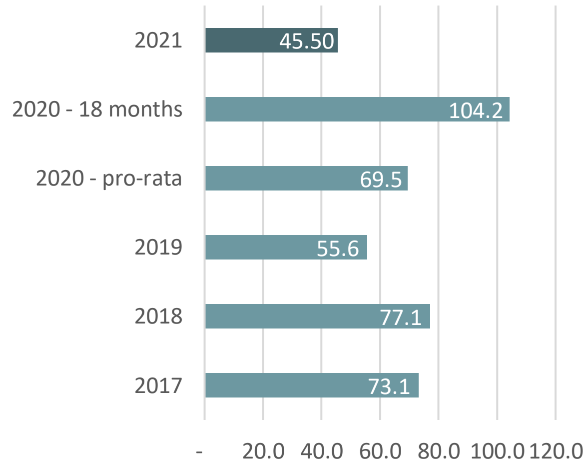
£344.0m



Revenues reflect the new focused business of Civil Engineering and Dry Lining and the continuing structured managed winding down of the non-core businesses.

Gross Profit (£m)

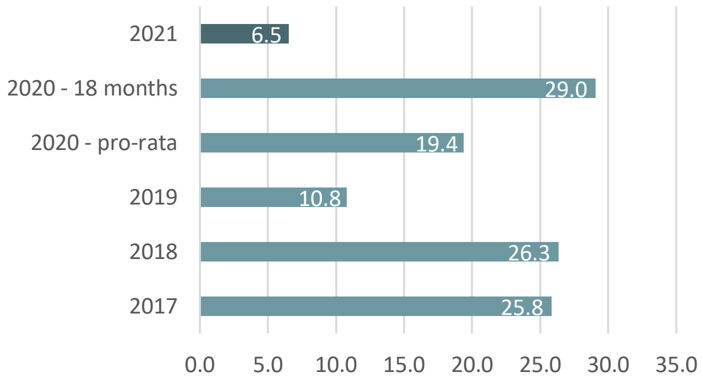
£45.5m



Gross Profit has reduced due to the reduction in revenues from the non-core businesses and reduced margins experiences across the industry relating to raw material price inflation and labour rate inflation.

EBITDA (£m)

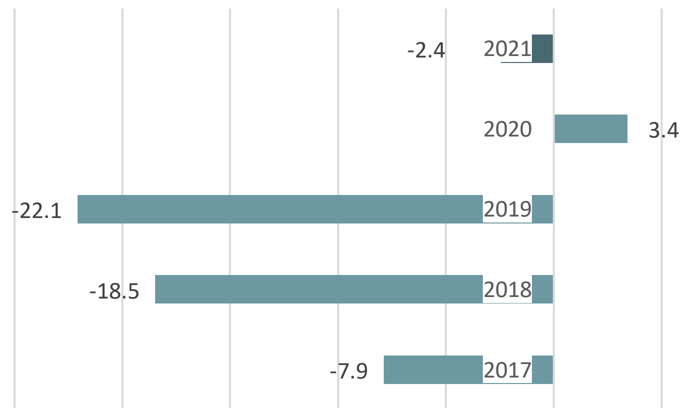
£6.5m



EBITDA has reduced due to the reduction in revenues from the non-core businesses and reduced margins experiences across the industry relating to raw material price inflation and labour rate inflation.

Net (debt) / cash balances (£m)

-£2.4m



Net debt of £2.4m is the consequence of leaner margins impacting operating cashflows and the unwinding of one-off items included within cash balance held at 30 September 2021.

Strategic Report

Key performance indicators
Non-financial

Clients and projects

We started
62 projects for
39
clients

Operating across the UK and Ireland, we continue to deliver a wide range of projects for our valued clients.

Sustainability

9,082 Carbon
tCO_2e

Intensity metric:
tCO_2e/£m turnover: 25.9

We have mapped our carbon emissions of all scope 1,2 and 3 emissions and made a commitment through science based target initiatives.

Health and safety

RIDDORS 11 (2020:11)

Service Strike 17
(2020:19)

Decrease of 2 buried services strikes against the previous reporting.

People

We have
25 Mental health first aiders

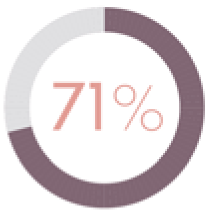
and

39
Apprentices in our workplace

We have increased our mental health first aider by over 30% and apprentices by 56%.

This reporting period we've had
3,117
attendees across
899 training events

Great Place to Work People Engagement Survey Score



28 people trained

to be mentors internally / with external mentors

Strategic Report

Principal risks and uncertainties

Risk

The Group's business involves a number of inherent risks which are captured in the Group risk register and for which the controls framework and mitigation actions are monitored regularly by the Risk and Audit Committee.

Health and Safety failings

The Group operates in environments with the potential to cause serious injury to our direct workforce, sub-contractors, clients, or members of the general public.

Mitigation:

- The Group runs a robust, integrated management system which is certified to ISO9001, ISO14001 and ISO45001
- Detailed planning, monitoring and risk assessments are executed for every site, including regular training of our workforce ("Plan, Do, Check, Act")
- Internal and external health and safety audits are conducted regularly, and all results reviewed carefully
- Thorough investigation is conducted of all accidents and near misses
- The Group has a system of regular sharing of good practices and learnings from accidents and near misses
- The application of these processes is monitored by the Executive Committee and Board of Directors
- The Group operates a safety culture under the banner "Safe Home Every Day" ("SHED") and the SHED training programme for site leaders was refreshed in the year

Contract delivery failings

The Group delivers a number of complex projects which carry the risks of delayed delivery, not meeting client specification and cost overruns, which could threaten the Group's reputation and profitability.

Mitigation:

- Robust tender and contract take-on controls are operated by the CEO and Senior Leadership team to ensure that the Group only accepts contracts for which it has the experience and expertise to deliver to an excellent standard
- Monthly trading and contract reviews are held at which the Executive Committee review the operational, health and safety and financial performance of all key contracts
- Monthly project reviews are held at which the COO and CFO review the operational, commercial, and financial performance of each live project. Additionally, a separate monthly review of all projects with live disputes or contractual claims is undertaken by the CEO, COO and CFO in order to track progress and drive resolution

Inability to recruit and retain talented people

The Group operates in a competitive sector and requires highly talented leaders to ensure it retains leadership in key markets. Its underlying contracts require delivery of a range of services by highly skilled technicians.

Mitigation:

- The Group uses detailed role descriptions and mentoring for all leaders and conducts reviews of the effectiveness of the Board of Directors and key committees
- A talent audit is conducted to ensure that there are succession plans for all key leaders
- The Leading-Edge programme is designed to develop talent so that the Group is well-resourced to meet future needs

Supply chain vulnerability

The Group's ability to operate could be compromised by loss or non-performance of a key supplier.

Mitigation:

- The Group maintains regular dialogue with key suppliers
- The Group identifies at least three key suppliers for each business activity to ensure continuity of supply should one supplier fail
- Creditor balances are reviewed weekly to ensure relationships are not threatened
- The availability of adequate materials and other resources is reviewed before the commencement of all new contracts and allowance for materials price inflation is factored into large tenders

IT systems, data and cyber security are compromised

In common with most businesses, the Group could suffer reputational and financial loss if systems fail, data is lost, and its security of information is compromised.

Mitigation:

- The Group complies with GDPR and Computer Misuse Act
- The Group complies with ISO 270001:2005
- The Group has created a new role of CIO who will sit on the Executive Board

Political and macro-economic disruption

The Group's business model could suffer from unforeseen significant adverse events.

Mitigation:

- Active involvement with trade representative and other business enables the Group's leaders to identify and plan for potentially significant adverse events
- An enhanced Board of Directors combines a leadership team with a strong understanding of the construction sector and the Carey family values with professional experience of other large entities

Business continuity threat

In common with every business the Group's ability to continue to operate could be threatened by a catastrophic external event, such as the Covid-19 pandemic.

Mitigation:

- The Group implemented its business recovery plan in successfully combating the disruption caused to much of UK business by the Covid-19 pandemic
- The Group operates a business continuity framework designed to: i) keep our people safe; ii) keep our clients and other stakeholders safe; iii) communicate regularly with all key stakeholders; iv) ensure the Group's financial health
- In the event of a business crisis the Executive Committee meets daily to ensure there is clear accountability for urgent actions and communication
- Rolling cash forecasts are reviewed at least weekly
- Effective remote working procedures are in place

Non-compliance with law or regulation

The Group's activities could be seriously disrupted if it were found not to have complied with key aspects of law or regulations.

Mitigation:

- The Group has rigorous policies for anti-bribery and corruption, money laundering, and gifts and hospitality, and mandatory training of all the workforce is conducted periodically
- The Group maintains a whistle-blowing hotline which is administered by an independent, external agency
- The Group maintains a transparent approach with all regulators and government agencies

Financial Risks

Credit risk

The Group delivers large, complex projects to a number of clients and a failure to recover amounts receivable on a timely basis could damage the Group's available cash balances.

Mitigation:

- Credit references are obtained before a new client is taken on
- Credit references are subject subsequently to periodic review
- Key contracts are reviewed by members of the Executive Committee on a weekly basis and risk from poor project delivery or client financial instability are highlighted and appropriate actions taken

- Aged debtors are reviewed by the credit control at least weekly and overdue debts reported to the CFO weekly and the Executive Committee monthly

Liquidity risk:

The Group's business would be disrupted if it maintained inadequate cash reserves and was unable to meets its liability to the workforce and creditors on a timely basis.

Mitigation:

- Outstanding balances due from clients and due to creditors are reviewed on a weekly basis by the CFO
- The CFO prepares rolling three-month cash forecasts which are monitored and updated weekly and monitored by the Board of Directors at least quarterly
- The CFO prepares an annual cash forecast which is monitored by the Board of Directors quarterly

Defined benefit pension scheme liability

We are responsible for funding our defined benefit pension scheme. Should our pension fund liabilities increase, we would need to make additional pension deficit payments, which would negatively impact our working capital.

Mitigation:

In addition to Trustees appointed from within the Group, our defined benefit pension scheme also has independent third-party Trustees. In order to help them manage the scheme's investments, the Trustees have employed scheme advisors who guide them in implementing an investment strategy that meets the objectives of the scheme. Funds are spread among a number of providers, which are tasked with achieving capital growth and diversification, whilst avoiding excessive volatility. The Trustees have pursued a balanced approach to risk, in order to gain an increased expectation of better returns. This methodology has the added benefit of avoiding excessive reductions in fund value, during periods of poor stock market performance.

The scheme administrator produces an annual calculation of the scheme's liabilities so that the Trustees can monitor the scheme's performance on a regular basis.

During the year the Group appointed its own actuarial pension consultants.

Strategic Report

Financial review

Introduction

The financial year ended 30 September 2021 has been an extremely challenging year as had been expected. The impacts of Brexit and the continuing effects of the Covid-19 pandemic have maintained uncertainty and volatility within the UK construction sector and wider economy which has resulted in a highly competitive tendering environment, extreme cost pressures and delays in new contract awards. This has in turn led to lower revenues and leaner margins than would otherwise be expected. The outlook for the next 12 months is similarly uncertain and challenging with material price and labour rate inflation set to remain at unusually high levels for at least the next eighteen months. Similarly, the labour and material shortages experienced are also expected to continue.

Despite this, Carey Group Limited has achieved a reasonably robust set of results for the period with revenues in line with expectations at £344.0m and gross profit slightly behind at £45.5m. Following the successful delivery of the cost reduction programme initiated in the previous financial year, our reduced cost base has helped mitigate some of the impacts of cost inflation experienced during this financial year. The continuing operations delivered turnover of £342.1m, gross profit of £43.8m and a profit before taxation of £9.0m. The discontinued operations contributed turnover of £1.9m, gross profit of £1.7m and a loss before taxation of £7.9m.

Despite the challenging environment in which we operate and the pressure on margins, it has been especially pleasing to witness the progress made in agreeing final accounts on a number of legacy contracts. This has helped to support margin levels during the year but also now means that we enter the new financial year able to fully focus on the successful delivery of our current projects.

The decision made in 2020 to focus on our civil engineering and dry lining businesses and to exit from those businesses that were not aligned with our strategic plans, has been delivered with the managed winding down of our Irish contracting, demolition, asbestos removal, and housebuilding companies making excellent progress. The Irish contracting business now remains the only non-core business with any live contracts still under construction. This activity is expected to complete by April 2022.

We have continued to focus on working capital management throughout the year with a major emphasis on cash conversion and improved forecasting disciplines. This has been particularly important due to the pressure on margins across the Group and will remain a key area of focus and improvement as we move forward into the new financial year.

Although cash levels across the Group have significantly reduced during the year we have similarly seen our debt levels decrease with debt falling by £6.7m in the year. The reduction in cash levels has been a consequence of the unwinding of one-off items and a number of new contract starts which have a negative cash profile in the initial stages of the project.

Summary of financial performance

Revenue for the 12-month period was £344.0m with an operating profit of £1.1m. The Group had net assets of £111.7m at 30 September 2021 (30 September 2020: £106.0m).

The Group's core businesses of PJ Carey (Contractors) Limited, BDL Group Limited and Seneca Environmental Solutions Ltd delivered combined revenues of £320.7m for the year representing 93.2% of Group revenue and EBITDA of £0.9m.

The non-core businesses contributed combined revenue of £23.3m (of which £1.9m relates to discontinued activities) and an EBITDA of £5.6m (of which a loss of £7.9m relates to discontinued operations). All activity in these businesses had essentially ceased at the year end with only significant costs to complete in one contract in the Irish contracting business. The extended lockdowns in Ireland meaning that this contract is now expected to complete in Q2 2022.

The Group ended the year with a net debt position of £2.4m with cash levels at the year-end of £6.0m and debt of £8.4m. Despite debt levels continuing to reduce by 44.2% in the year, cash levels fell in the period by £12.5m. The majority of this reduction relating to the unwinding of one-off items held in the cash balance at 30 September 2020.

The Group's liquidity measures have seen significant improvement with the key measures of current and quick ratios improving from 1.25 and 1.06 in 2020 to 1.77 and 1.61 in this reporting period.

Discontinued operations

The managed, structured winding down of T.E. Scudder Limited, Carey New Homes Limited and PJ Carey Contractors (Ireland) Limited has continued during the year with all contracts now final accounted within T.E. Scudder Limited and all built housing plots sold in Carey New Homes Limited. T.E. Scudder Limited is classified as a Discontinued Operation in the reporting period as all activity had ceased at the year end. However, Carey New Homes Limited and PJ Carey Contractors (Ireland) Limited remain as continuing activities this financial year due to these businesses still undergoing a managed closure and can only be classified as Discontinued Operations once all trading activity has ceased.

It is expected that activity in Carey New Homes Limited and PJ Carey Contractors (Ireland) Limited will cease trading during the year ended 30 September 2022. The Irish contracting business has one remaining contract which is expected to complete in Q2 of 2022. This contract was due to complete in 2021 but this has been delayed due to the continuing stringent lockdown rules in Ireland.

Segmental reporting

The Group's reporting format is focused on its two key markets of civil engineering and dry lining. This is the basis of the Group's segmental information for the year ended 30 September 2021. The other businesses from which the Group is exiting are presented as "Other".

The Group continues to place great emphasis on improving its balance sheet position and this has resulted in a significant improvement in its working capital position. Net current assets have increased by £40.5m with current liabilities reducing by £22.1m.

Fixed assets reduced by £44.9m as a number of investment properties were transferred to the Group's ultimate holding company, Araglin Holdings Limited. This reduction in fixed assets was offset by an increase in long-term debtors relating to the associated inter-company loan receivable.

At 30 September 2021 net debt of £2.4m compared to a net cash position at 30 September 2022 of £3.4m, a change of £5.8m. This was the result of the unwinding of a number of one-off items related to the part repayment of the deferred VAT balance of £5.2m, the repayment of a salary reduction experienced by staff during the start of the Covid-19 pandemic and the impact of the Domestic Reverse VAT charge.

The level of stock has fallen by £7.2m principally driven by the final sales of completed housing stock in Carey New Homes Limited. This has been particularly pleasing when considering the challenging market conditions presented by the Covid-19 pandemic.

Government support

As of 30 September 2021, there was a total tax deferred of £2.1m (30 September 2020: £5.2m). This is VAT deferred in accordance with HMRC guidance and is payable by 31 March 2022. £3.1m of this deferred amount was paid in the financial year ended 30 September 2021.

A total of £0.7m was paid to furloughed staff during the year (30 September 2020: £13.3m). The Group took advantage of the Coronavirus Job Retention Scheme (CJRS) receiving grants from the UK government of £0.6m (30 September 2020: £9.1m) partially offsetting the cost of furloughed staff.

Bank finance

The Group has a committed debt facility of £15m in the form a revolving credit facility with a three-year term. This facility received formal credit approval on 16 March 2021 and replaces the previous annual overdraft facility of £10.5m. At 30 September 2021 this new revolving credit facility remained undrawn.

During the financial period the Group repaid £6.7m of debt. The facilities repaid in the period related to the final repayment of a stand-by loan for Carey New Homes Limited amounting to £2.5m. Additionally, a Bridging Loan in Carey Group Limited for £10m expired in October 2020 without having been drawn during its term.

Going concern

The Board of Directors is required to consider the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

The Group was trading in line with the Board of Directors' expectations through the financial period up to 30 September 2021 and has made good progress in restructuring the business, overseeing the managed winding down of the non-core businesses and navigating the continuing challenges experienced within the UK economy and construction sector.

The Group's performance continues to be adversely affected by the effects of the Covid-19 pandemic. Covid-19 has adversely affected the Group's revenue and resulted in it incurring additional costs. This has continued to place pressure on margins and has resulted in lower levels of profitability for the 2021 reporting period. Despite this, the Group has maintained the strength of its balance sheet and despite lower cash levels, has significantly reduced debt and maintained liquidity measures.

The current trading environment remains uncertain, principally due to the potential impact of Covid-19, which makes forecasting extremely challenging. The Group has performed sensitivity analysis looking at a number of stressed but plausible downside scenarios which have indicated sufficient liquidity and headroom in terms of the new banking facility and respective covenants.

The Board of Directors has reviewed the Group's short-term cash flow forecasts to 31 December 2022 (the going concern period), which have been prepared using certain key assumptions and include a number of stressed but plausible downside scenarios. These scenarios include a consideration of the risks which may arise to the Group's available liquidity and its ongoing compliance with its financial covenants within the Group's debt.

Key assumptions

The key assumptions within the model used to support the going concern assessment include:

- No material changes to Group operations
- Trading in FY22 is in-line with budget and trading in FY23 is in-line with the 5 year business plan
- Improvement in margins driven by procurement initiatives; improvements in operational delivery of our projects (Operational Excellence); and proposed digital transformation across our front, middle and back-office systems and processes.

Stress-testing

Management assessed the financial impact of a number of severe but plausible downside scenarios (both individually and in combination) by overlaying them against the business plan. These scenarios included:

- Potential delays in the start-up of new projects
- Potential price increases for materials on current projects

The Board of Directors also considered the macroeconomic and political risks affecting the UK economy, including Brexit. The Board of Directors noted that the Group's forecasts are underpinned by a significant proportion of revenue that is either secured or considered probable, and that the Group operates primarily in sectors, which are considered likely to remain largely unaffected by macroeconomic factors. In addition, significant cost reduction actions have already been taken to improve the Group's profitability.

The Board of Directors considered the Group's ability to manage its working capital, in order to mitigate the potential impact on the Group's liquidity over the forecast period.

Finally, The Group has the benefit of a letter of support from its ultimate holding company, Araglin Holdings Limited.

As a result, the Board of Directors is satisfied that the Group has sufficient financial resources to continue to operate for a period of at least 12 months from the signing of the financial statements and therefore it has adopted the going concern basis in preparing the Group's 2021 financial statements.

Warren Underwood

Group Chief Financial Officer

Approval of Strategic Report

The above information comes from the Carey Group Limited Annual Report, which has been drawn up and presented in accordance with, and in reliance upon, applicable English company law – in particular Chapter 4A of the Companies Act 2006.

Please note that the Annual Report has been prepared for the Group as a whole, and acts as a strategic report for all subsidiaries.

Approved by the Board of Directors and signed on behalf of the Board:

Jason Carey
Group Chief Executive Officer
10 January 2022

Warren Underwood
Group Chief Financial Officer
10 January 2022

Governance
Introduction to Governance

For the year ended 30 September 2021, the company has continued to benchmark its governance processes against the Wates Corporate Governance Principles for Large Private Companies, published by the FRC in December 2018. While the Group is not required to apply these principles, the Board of Directors takes the view that these Principles represent best governance practice for large private companies and is committed to using them to assess the Carey Group's own governance.

The company has made excellent progress on applying the Principles since first adopting them in 2019. The Board of Directors and Senior Leadership Team remain strong; a well communicated strategy is in place together with enhanced controls and reporting frameworks .

The Board of Directors is measuring progress of the three strategic goals supported by Key Performance Indicators; Board effectiveness is under constant review; we continue to build the confidence of our workforce through engagement and a programme to increase diversity and inclusion and to bring further benefits from the new teams who are addressing sustainability, risk and health and safety.

The Carey Group is built upon the values of the Founding Shareholders and the Board of Directors is committed to becoming the partner of choice for all our stakeholders in the construction sector.

Governance

Directors' report

For the Year Ended 30 September 2021

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 30 September 2021.

Dividends

No interim dividend was paid during the year (period ended 30 September 2020: nil) and the Directors do not recommend that a final dividend is paid.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Jason Carey
John Anthony Carey
Thomas Noel Carey
Paul Johnson
Warren Underwood
Julie Welch
John Carey – Resigned 30 April 2021
Thomas Carey – Resigned 30 April 2021
Patrick Carey – Resigned 30 April 2021
Stephen Maslin – Resigned 2 December 2021

Company Secretary

Fiona O' Donnell – Resigned 6 October 2021

Political and charitable contributions

The Group is proud to support a number of charities in their vital work. Contributions totalling £157k were made during the year (18 months ended 30 September 2020: £453k). No political donations were made during the year (18 months ended 30 September 2020: £nil).

Research and development

The Group undertakes research and development activities when providing services to its clients. The expenditure in the year was £4,399k (18 months ended 30 September 2020: £9,483k).

Covid-19

At the date of signing these financial statements, the Directors have considered the effects of Covid-19 on the Company with the information available to it, and do not believe it will affect the Company's ability to continue to trade for the foreseeable future.

Directors' insurance and indemnities

The Company maintains Directors' and Officers' liability insurance for the benefit of the Directors and the Company's officers. These arrangements remain in force as at the date of this Annual Report.

Employees

All details regarding employee engagement can be found in the Strategic Report on page 9.

Governance

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's Auditors are unaware; and
- They have taken all 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 Group's and Company's Auditors are aware of that information.

Independent auditors

The auditors, MHA MacIntyre Hudson, were appointed by the Directors in the year and offer themselves for reappointment.

On behalf of the Board of Directors:

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Jason Carey
Group Chief Executive Officer

Date: 10 January 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY GROUP LIMITED

Opinion

We have audited the financial statements of Carey Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company 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 Group's and of the parent Company's affairs as at 30 September 2021 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 Auditors' 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 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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 Auditors' 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 27, 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.

Auditors' 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 Auditors' 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 Group 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:

• Enquiry of management and those charged with governance around actual and potential litigation and claims;

• Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;

• Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;

• Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY GROUP LIMITED (CONTINUED)

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 Auditors' 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.

Atul Kariya

Atul Kariya, FCCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

London
Date: 12 January 2022

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	**Continuing operations 30 September 2021 £000**	**Discontinued operations 30 September 2021 £000**	**Total 30 September 2021 £000**	*Continuing operations 18 months ended 30 September 2020 £000*	*Discontinued operations 18 months ended 30 September 2020 £000*	*Total 18 months ended 30 September 2020 £000*
Turnover	4	**342,082**	**1,929**	**344,011**	*747,353*	*1,499*	*748,852*
Cost of sales		**(298,278)**	**(236)**	**(298,514)**	*(643,185)*	*(1,432)*	*(644,617)*
Gross profit		**43,804**	**1,693**	**45,497**	*104,168*	**67**	*104,235*
Administrative expenses		**(40,479)**	**(9,674)**	**(50,153)**	*(111,506)*	*(1,218)*	*(112,724)*
Other operating income	6	**5,711**	**36**	**5,747**	*25,014*	*274*	*25,288*
Operating profit	8	**9,036**	**(7,945)**	**1,091**	*17,676*	**(877)**	*16,799*
Income from other participating interests		**533**	**-**	**533**	*194*	-	*194*
Interest receivable and similar income		**-**	**3**	**3**	*12*	-	*12*
Interest payable and similar expenses	12	**(433)**	**-**	**(433)**	*(1,516)*	-	*(1,516)*
Other finance costs	13	**(109)**	**-**	**(109)**	*(211)*	-	*(211)*
Profit before tax		**9,027**	**(7,942)**	**1,085**	*16,155*	**(877)**	*15,278*
Tax on profit	14	**138**	**-**	**138**	*(4,905)*	-	*(4,905)*
Profit for the financial year/period		**9,165**	**(7,942)**	**1,223**	*11,250*	**(877)**	*10,373*
Profit for the year/period attributable to:							
Owners of the parent		**9,165**	**(7,942)**	**1,223**	*11,250*	*(877)*	*10,373*
		9,165	**(7,942)**	**1,223**	*11,250*	**(877)**	*10,373*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Profit for the financial year/period		**1,223**	*10,373*
Other comprehensive income			
Revaluation of land and buildings	16	**5,638**	*(1,699)*
Retranslation of foreign subsidiaries		**(519)**	*391*
Actuarial gain/(loss) on defined benefit schemes	30	**1,992**	*(2,177)*
Total tax on components of other (expense) / income		**(2,709)**	*1,399*
Other comprehensive income for the year/period		**4,402**	*(2,086)*
Total comprehensive income for the year/period		**5,625**	*8,287*
Profit for the year/period attributable to:			
Owners of the parent Company		**1,223**	*10,373*
		1,223	*10,373*
Total comprehensive income attributable to:			
Owners of the parent Company		**5,625**	*8,287*
		5,625	*8,287*

The notes on pages 43 to 76 form part of these financial statements.

CAREY GROUP LIMITED
REGISTERED NUMBER: 02644192

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	15		**2,150**		*1,951*
Tangible assets	16		**48,251**		*45,404*
Investments	17		**807**		*274*
Investment property	18		**7,800**		*56,300*
			59,008		*103,929*
Current assets					
Stocks	19	**14,143**		*21,334*	
Debtors: amounts falling due after more than one year	20	**46,559**		-	
Debtors: amounts falling due within one year	20	**90,455**		*98,948*	
Current asset investments	21	**57**		*28*	
Cash at bank and in hand	22	**6,020**		*18,531*	
		157,234		*138,841*	
Creditors: amounts falling due within one year	23	**(79,981)**		*(111,070)*	
Net current assets			**77,253**		*27,771*
Total assets less current liabilities			**136,261**		*131,700*
Creditors: amounts falling due after more than one year	24		**(5,310)**		*(8,741)*
Provisions for liabilities					
Deferred taxation	26	**(5,963)**		*(7,161)*	
Other provisions	27	**(9,000)**		*(3,000)*	
			(14,963)		*(10,161)*
Net assets excluding pension liability			**115,988**		*112,798*
Pension liability	30		**(4,315)**		*(6,749)*
Net assets			**111,673**		*106,049*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2021

	Note	2021 £000	*2020 £000*
Capital and reserves			
Called up share capital	28	**250**	*250*
Revaluation reserve	29	**13,710**	*14,399*
Other reserves	29	**2,954**	*2,954*
Profit and loss account	29	**94,759**	*88,446*
Equity attributable to owners of the parent Company		**111,673**	*106,049*
		111,673	*106,049*

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

Jason Carey
Director

Date: 10/01/2022

Warren Underwood
Director

Date: 10/01/2022

The notes on pages 43 to 76 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	15		**534**		-
Investments	17		**2,001**		*2,001*
			2,535		*2,001*
Current assets					
Debtors: amounts falling due after more than one year	20	**46,559**		-	
Debtors: amounts falling due within one year	20	**30,591**		*77,005*	
Current asset investments	21	**5**		*5*	
Cash at bank and in hand	22	**346**		*126*	
		77,501		*77,136*	
Creditors: amounts falling due within one year	23	**(70,821)**		*(4,663)*	
Net current assets			**6,680**		*72,473*
Total assets less current liabilities			**9,215**		*74,474*
Creditors: amounts falling due after more than one year	24		**-**		*(64,628)*
Provisions for liabilities					
Other provisions	27	**-**		*(3,000)*	
			-		*(3,000)*
Net assets excluding pension liability			**9,215**		*6,846*
Pension liability			**(4,315)**		*(6,749)*
Net assets			**4,900**		*97*
Capital and reserves					
Called up share capital	28		**250**		*250*
Profit and loss account brought forward		**(153)**		*3,759*	
Profit/(loss) for the year		**2,827**		*(2,283)*	
Other changes in the profit and loss account		**1,976**		*(1,629)*	
Profit and loss account carried forward			**4,650**		*(153)*
			4,900		*97*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2021

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

Jason Carey
Director

Date: 10/01/2022

Warren Underwood
Director

Date: 10/01/2022

The notes on pages 43 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2019	**250**	**16,511**	**2,954**	**78,047**	**97,762**
Profit for the period	-	-	-	10,373	10,373
Retranslation of foreign subsidiaries	-	-	-	391	391
Actuarial losses on pension scheme	-	-	-	(2,177)	(2,177)
Revaluation of land and buildings	-	(1,699)	-	-	(1,699)
Tax on components of other comprehensive income	-	(413)	-	1,812	1,399
At 1 October 2020	**250**	**14,399**	**2,954**	**88,446**	**106,049**
Profit for the year	-	-	-	1,223	1,223
Retranslation of foreign subsidiaries	-	-	-	(519)	(519)
Actuarial gains on pension scheme	-	-	-	1,992	1,992
Revaluation of land and buildings	-	5,638	-	-	5,638
Tax on components of other comprehensive income	-	(2,334)	-	(376)	(2,710)
Transfer to/from profit and loss account	-	(3,993)	-	3,993	-
At 30 September 2021	**250**	**13,710**	**2,954**	**94,759**	**111,673**

The notes on pages 43 to 76 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2019	**250**	**3,759**	**4,009**
Loss for the period	**-**	**(2,283)**	**(2,283)**
Actuarial losses on pension scheme	**-**	**(2,177)**	**(2,177)**
Tax on components of other comprehensive income	**-**	**548**	**548**
At 1 October 2020	**250**	**(153)**	**97**
Profit for the year	**-**	**2,827**	**2,827**
Actuarial gains on pension scheme	**-**	**1,992**	**1,992**
Tax on components of other comprehensive income	**-**	**(16)**	**(16)**
At 30 September 2021	**250**	**4,650**	**4,900**

The notes on pages 43 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year/period	**1,223**	*10,373*
Adjustments for:		
Amortisation of intangible assets	**335**	*210*
Depreciation of tangible assets	**4,686**	*12,172*
Revaluation of investment properties	**(1,765)**	*(9,591)*
Profit on disposal of tangible assets	**(1,156)**	*(394)*
Defined benefit pension scheme charge	**278**	*211*
Revaluation of current investments	**(29)**	*35*
Net interest expense	**431**	*1,504*
Tax (charge)/credit	**(138)**	*4,905*
Decrease in stocks	**7,192**	*35,841*
Decrease in debtors	**8,430**	*5,123*
(Decrease) in creditors	**(28,245)**	*(24,196)*
Increase in provisions	**6,000**	*3,000*
Contributions to defined benefit pension scheme	**(720)**	*(1,080)*
Research and development expenditure credit	**558**	*-*
Income from other participating interests	**(533)**	*(195)*
Research and development expenditure credit	**-**	*(3,322)*
Corporation tax (paid)	**(702)**	*(1,413)*
Foreign exchange	**18**	*(14)*
Net cash generated from operating activities	**(4,137)**	*33,169*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(534)**	*(80)*
Purchase of tangible fixed assets	**(3,588)**	*(6,599)*
Sale of tangible fixed assets	**2,849**	*1,665*
Purchase of investment properties	**-**	*(1,207)*
Interest received	**3**	*12*
Net cash from investing activities	**(1,270)**	*(6,209)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £000	*2020 £000*
Cash flows from financing activities		
New secured loans	**-**	*15,576*
Repayment of loans	**(3,122)**	*(25,420)*
Repayment of/new finance leases	**(3,548)**	*(2,720)*
Bank interest	**(166)**	*(1,166)*
HP interest	**(267)**	*(350)*
Net cash used in financing activities	**(7,103)**	*(14,080)*
Net (decrease)/increase in cash and cash equivalents	**(12,510)**	*12,880*
Cash and cash equivalents at beginning of year	**18,531**	*5,617*
Foreign exchange gain/(loss)	**(1)**	*34*
Cash and cash equivalents at the end of year/period	**6,020**	*18,531*
Cash and cash equivalents at the end of year/period comprise:		
Cash at bank and in hand	**6,020**	*18,531*
	6,020	*18,531*

The notes on pages 43 to 76 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	At 1 October 2020 £000	Cash flows £000	At 30 September 2021 £000
Cash at bank and in hand	18,533	(12,513)	6,020
Debt due after 1 year	(4,101)	696	(3,405)
Debt due within 1 year	(3,086)	2,426	(660)
Finance leases	(7,941)	3,549	(4,392)
Liquid investments	28	29	57
	3,433	(5,813)	(2,380)

The notes on pages 43 to 76 form part of these financial statements.

1. Statutory information

Carey Group Limited is a leading family-owned engineering, construction and resource recovery business operating across the UK and Ireland.

The Company is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Carey House, Great Central Way, Wembley, Middlesex, HA9 0HR.

2. Accounting policies

2.1 Statement of compliance

The individual and consolidated financial statements of Carey Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

2.2 Basis of preparing the financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Group and Company’s financial statements are presented in pounds sterling, the functional currency, rounded to the nearest thousand.

The financial statements are for the year ended 30 September 2021. The comparative period is for the 18 month period from 1 April 2019 to 30 September 2020 and is therefore not entirely comparable.

2.3 Basis of consolidation

The Company consolidates the financial statements of Carey Group Limited and all of its subsidiary undertakings (‘subsidiaries’). Balances existing between group companies and transactions between group companies during the year have been eliminated on consolidation. Accounting policies of subsidiaries have been adapted, where necessary, to ensure consistency with the policies adopted by the Group.

The company has taken advantage of the exemption under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

2.4 Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Please refer to the strategic report for further information.

2. Accounting policies (continued)

2.5 Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts. It also includes the Group's proportion of work carried out under jointly controlled operations. Where revenue that has been recognised is subsequently determined not to be recoverable due to a dispute with the customer, these amounts are accounted for as a reduction in revenue. Where non-recovery is as a result of inability of a customer to meet its obligations, these amounts are charged to administrative expenses as a credit loss. Amounts received from customers but not yet recognised within revenue in the income statement are recognised as deferred income in the balance sheet.

The general principles for revenue and profit recognition across the Group are as follows:

• Provision is made for any unavoidable future net losses arising from contract obligations, as soon as they become apparent;

• Additional consideration for contract modifications (variations) is only included in revenue (or the forecast contract out-turn) if the scope of the modification has been approved by the customer. If the scope of the modification has been approved but the parties have not yet determined the corresponding change in the contract price, an estimate of the change to the transaction price is made and included in calculating revenue to the extent that any increase in price is highly probable not to reverse;

• Variable consideration amounts (gain-share amounts, KPI bonuses, milestone bonuses, compensation event claims, etc.) are included in revenue (or forecasts to completion) only to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur;

• Refund liabilities (liquidated damages, pain-share amounts, KPI penalties, etc.) are accounted for as a reduction in revenue (or in forecasting contract out-turns) as soon as it is expected that the Company will be required to refund some or all of the consideration it has received from the customer;

• Claims against third-parties (such as insurance recoveries and claims for cost reimbursements) outside of normal supplier price adjustments are recognised only when the realisation of income is virtually certain. The associated income is accounted for as reduction in costs rather than revenue;

• Contract mobilisation is not considered to be a separate performance obligation in most situations, as the customer receives little or no benefit from mobilisation activities. Any consideration received from the customer in relation to the mobilisation phase of a contract is deferred and recognised as additional revenue relating to the performance obligations in the contract that benefit the customer; and

• A provision of 20% of the value of the retention of profitable contracts is made in recognition of the risk around recoverability.

2. Accounting policies (continued)

2.6 Construction contracts

Revenue is recognised on construction services over time as the benefit is transferred to the customer. The Company uses an input method to measure progress. The percentage of completion is measured using the internal value to date as a proportion of the total expected contract revenue to determine the revenue to be recognised to date.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Consistent contract review procedures are in place in respect of contract forecasting.

Waste management
Revenue is recognised at the date the waste is delivered to the recycling site.

House sales
Revenue is recognised at the date of Legal Completion on the house, apartment and ground rent sales.

Design
Revenue for services is recognised at the date the service is provided.

2.7 Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the Group. Key components were government support in the form of the coronavirus job retention scheme (furlough); research and development expenditure credit; rental income and revaluation of investment property.

2.8 Intangible assets and amortisation

The Group recognises an intangible asset as an asset if, and only if:
(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
(b) the cost or value of the asset can be measured reliably.

Amortisation is charged to administrative expenses in the income statement on a straight-line basis over the expected useful lives of the following basis:

Development costs - 3-10 years

Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets are tested for impairment either annually if they have an indefinite useful life or on the basis of any internal or external indicators of impairment as we amortise all intangible assets over their estimated useful lives.

The Group evaluates whether an intangible asset needs to be written down by checking for any internal or external indicators of impairment. If an impairment is found to exist, the Intangible assets are written down to their recoverable amount. Any difference between the recoverable amount and the carrying amount is charged to the income statement.

2. Accounting policies (continued)

2.9 Tangible assets and depreciation

Tangible assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold Property - straight line depreciation over 50 years
Land - none
Fixtures and fittings, plant and machinery - 10 - 25% per annum reducing balance/straight line

Any unrealised surpluses or deficits arising on revaluation are taken directly to the revaluation reserve except that any permanent deficit in excess of the revaluation reserve is charged to the income statement.

In addition to systematic depreciation the book value of the tangible assets will be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carry values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

2.10 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Investment properties

Freehold investment properties are included in the financial statements based on valuations undertaken every year. Unrealised surpluses or deficit arising in the year are charged to the income statement. In accordance with FRS 102, no depreciation is provided on freehold investment properties. The Directors consider this accounting policy is necessary for the financial statements to show a true and fair review.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2. Accounting policies (continued)

2.12 Investments - joint ventures and joint operations

The Company applies section 15 of FRS102 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is a contractual agreement whereby the Company undertakes an economic activity that is subject to joint control with third parties and these parties have rights to the net assets of the arrangement. The Company's interests in joint ventures is accounted for using the equity method. Under this method the Company's share of profits less losses after taxation of joint ventures is included in the income statement and its interest in their net assets is included in investments in the balance sheet. Where the shares of losses exceeds the Company's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Where joint ventures do not adopt accounting periods that are coterminous with the Company, results and net assets are based upon unaudited financial statements drawn up to the Company account reference date.

2.13 Stocks, inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost is calculated as follows:

Raw materials, consumables and goods for resale are valued at purchase cost on a first in, first out basis. Work in progress on development sites are valued at cost of direct materials and labour plus attributable overheads.

Work in progress on development properties includes undeveloped land and land under development. Net realisable value represents the estimated selling prices less all estimated costs of completion.

The Group continues to monitor the performance of its development sites and, where appropriate, obtain independent professional valuations. Any excess of carrying amount over the selling price less cost to sell is charged immediately in the income statement as an impairment loss.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated.

2. Accounting policies (continued)

2.15 Foreign currency

Transactions and balances
Foreign currency transactions are translated into the functional currency using average exchange rates for the year, as this reasonably approximates the exchange rates at the actual dates of the transactions. At each year end, foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, within Administrative Expense.

Translation
The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in ‘Other Comprehensive Income’.

2.16 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

2. Accounting policies (continued)

2.17 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, and defined benefit (closed to new members) and defined contribution pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the year in which service is received.

2.18 Pensions

The Company participates in two defined contribution pension schemes for certain Directors and employees respectively which are funded by the payment of contributions to a separately administered fund. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged to the profit and loss account in the year in which they become payable.

The Company also participates in the Carey Group Limited Pension Scheme, a multi-employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. The scheme ceased future pension accrual for active members from 31 March 2006 and became paid up. The assets of the defined benefit pension scheme are held separately from those of the Company in an independently managed fund. The scheme is accounted for by the Company as if it were a defined contribution scheme as outlined in note 30 to the financial statements.

2.19 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future years. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each year.

Rentals payable under operating leases are charged in the statement of other comprehensive income on a straight line basis over the lease term.

2.20 Operating leases

Rentals income under operating leases are recognised in the income statement on a straight line basis over the lease term.

2.21 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities.

2.22 Share capital

Ordinary shares are classified as equity.

2. Accounting policies (continued)

2.23 Exceptional items

The Group presents, on the face of the consolidated income statement, those items of income and expense which because of the nature and/or magnitude of the events giving rise to them, merit separate presentation to allow readers to better understand financial performance in the year.

2.24 Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

2.25 Related party transactions

There are transactions within the Group, which are eliminated on consolidation. These transactions are reported in the individual Company financial statements and are on terms negotiated between the two entities.

2.26 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

2.27 Interest income

Interest income is recognised in the profit and loss account in the period in which it is received.

2.28 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS102 in respect of financial instruments.

Basic financial liabilities, including amounts owed to Group undertakings, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2.29 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. The deferred element of the grant is included in creditors as deferred income.

Grants of a revenue nature are recognised in Profit and Loss in the same period as the related expenditure.

2.30 Research and development

Research and development is expensed in the period in which it is incurred.

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

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported associated assumptions are income and expense. The estimates and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual result may differ from 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 revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Revenue and profit recognition

The estimation techniques used for revenue and profit recognition in respect of construction contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgments to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

(ii) Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the Group is able to recognise on its developments and construction contracts in a specific period, the Group has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation, as does the assessment of a development's valuation.

However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. Amounts recoverable on construction contracts are disclosed in note 20.

The estimation of final contract value includes assessment of recovery of variations which have yet to be agreed with the client, compensation events and claims, where these meet the criteria set out in the Group's accounting policies.

(iii) Retirement benefit obligation valuations

In determining the valuation of the defined benefit scheme's assets and liabilities, a number of key assumptions have been made. The key assumptions, which have been given below, are largely dependent on factors outside the control of the Group:

- Inflation rate
- Life expectancy
- Discount rate
- Salary and pension growth rates

The Group is exposed to risks through its defined benefit scheme if actual experiences differs from the assumptions used and through volatility the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 30.

3. Judgments in applying accounting policies (continued)

(iv) Land and property valuations

The recoverability of property development work in progress is an area which requires significant judgment due to the ongoing volatility in property valuations due to COVID-19. An assessment of the net realisable value of inventory is carried out at each balance sheet date and is dependent upon the Group's estimate of forecast selling prices and build/development costs (by reference to current prices), which may require significant judgement. Where applicable, third-party valuations are used to support the position as at the balance sheet date. In valuing work in progress at the lower of cost and net realisable value the Group has already recognised any expected downside, and any upside is contingent on the Group's continued development of the projects as it is not in the business of selling partly developed sites. At 30 September 2021, the value of land and work in progress held for development was £10,418k (2020: £16,430k).

(v) Provisions

Further information about the Group's provisions is provided in note 27. Significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

4. Turnover

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

	30 September 2021 £000	18 months ended 30 September 2020 £000
Contracting	**315,631**	*664,683*
Property development	**11,605**	*47,085*
Waste recycling	**16,774**	*37,084*
	344,010	*748,852*

Analysis of turnover by country of destination:

	30 September 2021 £000	18 months ended 30 September 2020 £000
United Kingdom	**332,664**	*724,770*
Republic of Ireland	**11,347**	*24,082*
	344,011	*748,852*

5. Discontinued operations

Discontinued operations represent the subsidiary company T.E. Scudder Limited which was discontinued during the year ended 30 September 2021.

6. Other operating income

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Revaluation of investment property	**1,765**	*9,591*
Government support - Coronavirus Job Retention Scheme	**641**	*9,113*
Research and development expenditure credit	**558**	*3,322*
Rental income	**875**	*2,477*
Profit on disposal of tangible assets	**1,175**	*395*
Sundry income	**733**	*390*
	5,747	*25,288*

7. Rental income

The future minimum lease payments under non-cancellable operating leases is:

	2021 £000	*2020 £000*
Basis		
Less than 1 year	**239**	*1,354*
Between 1 and 5 years	**96**	*2,084*
Greater than 5 years	**-**	*980*
	335	*4,418*

8. Operating profit

The operating profit is stated after charging/(crediting):

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Depreciation	**4,686**	*12,172*
Amortisation	**335**	*209*
Profit on disposal of fixed assets	**(1,156)**	*(395)*
Exchange differences	**(18)**	*35*

9. Auditors' remuneration

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**160**	*198*

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

Taxation compliance services	**-**	*68*
All other services	**18**	*-*
	18	*68*

10. Employees

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

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Wages and salaries	**63,471**	*128,617*	**2,681**	*4,737*
Social security costs	**7,416**	*13,654*	**337**	*611*
Cost of defined benefit pension scheme	**169**	*-*	**169**	*-*
Other pension costs	**2,210**	*3,790*	**142**	*189*
	73,266	*146,061*	**3,329**	*5,537*

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

	Group 30 September 2021 No.	*Group 18 months ended 30 September 2020 No.*	Company 30 September 2021 No.	*Company 18 months ended 30 September 2020 No.*
Administration	**139**	*245*	*4*	*7*
Managerial	**380**	*498*	*12*	*12*
Technical	**215**	*328*	*-*	*-*
Operations	**260**	*391*	*-*	*-*
	994	*1,462*	*16*	*19*

11. Directors' remuneration

The directors are the key management personnel and their compensation is detailed below.

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Directors' emoluments	**2,311**	*3,433*
Company contributions to defined contribution pension schemes	**201**	*324*
	2,512	*3,757*

During the year retirement benefits were accruing to 4 directors *(2020 - 3)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £506k *(2020 - £652*k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2020 - £37*k).

12. Interest payable and similar expenses

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Bank interest payable	**166**	*1,166*
Finance leases and hire purchase contracts	**267**	*350*
	433	*1,516*

13. Other finance costs

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Interest income on pension scheme assets	**296**	*574*
Interest on pension scheme liabilities	**(405)**	*(785)*
	(109)	*(211)*

14. Taxation

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Corporation tax		
Current tax on profits for the year	**106**	*3,109*
Adjustments in respect of previous periods	**(16)**	*379*
	90	*3,488*
Total current tax	**90**	*3,488*
Deferred tax		
Origination and reversal of timing differences	**316**	*1,486*
Adjustment in respect of prior years	**(356)**	*(209)*
Effect of changes in tax rates	**(188)**	*140*
Total deferred tax	**(228)**	*1,417*
Total tax (credit)/charge for the year/period	**(138)**	*4,905*

14. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	30 September 2021 £000	*18 months ended 30 September 2020 £000*
Profit on ordinary activities before tax	**1,086**	*15,278*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**206**	*2,903*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,175**	*931*
Income not taxable	**(186)**	*(144)*
Adjustments to tax charge in respect of prior periods	**(372)**	*170*
Deferred tax not provided	**(212)**	*905*
Difference in tax rates	**(188)**	*140*
Losses	**(561)**	*-*
Total tax (credit)/charge for the year/period	**(138)**	*4,905*

Factors that may affect future tax charges

From 1 April 2023 the corporation tax rate will increase to 25%. As this increase in rate is substantively enacted at 30 September 2021, deferred taxation for relevant periods is calculated at 25%.

15. Intangible assets

Group

	Development expenditure £000	Computer software £000	Total £000
Cost			
At 1 October 2020	**2,179**	**21**	**2,200**
Additions	**534**	**-**	**534**
At 30 September 2021	**2,713**	**21**	**2,734**
Amortisation			
At 1 October 2020	**228**	**21**	**249**
Charge for the year on owned assets	**335**	**-**	**335**
At 30 September 2021	**563**	**21**	**584**
Net book value			
At 30 September 2021	**2,150**	**-**	**2,150**
At 30 September 2020	*1,951*	*-*	*1,951*

15. Intangible assets (continued)

Company

	Development expenditure £000
Cost	
Additions	**534**
At 30 September 2021	**534**
Net book value	
At 30 September 2021	**534**
At 30 September 2020	-

16. Tangible fixed assets

Group

	Freehold property £000	Land £000	Fixtures, fittings and plant and machinery £000	Total £000
Cost or valuation				
At 1 October 2020	**17,022**	**16,924**	**53,111**	**87,057**
Additions	**3,158**	**-**	**430**	**3,588**
Disposals	**-**	**-**	**(9,269)**	**(9,269)**
Revaluations	**-**	**5,638**	**-**	**5,638**
At 30 September 2021	**20,180**	**22,562**	**44,272**	**87,014**
Depreciation				
At 1 October 2020	**686**	**-**	**40,967**	**41,653**
Charge for the year	**269**	**-**	**4,417**	**4,686**
Disposals	**-**	**-**	**(7,576)**	**(7,576)**
At 30 September 2021	**955**	**-**	**37,808**	**38,763**
Net book value				
At 30 September 2021	**19,225**	**22,562**	**6,464**	**48,251**
At 30 September 2020	*16,335*	*16,924*	*12,145*	*45,404*

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

	2021 £000	*2020 £000*
Plant and machinery	**3,750**	*7,058*
	3,750	*7,058*

Cost or valuation at 30 September 2021 is as follows:

	Land and buildings £000
At cost	**3,586**
At valuation:	
Valuation at 30 September 2021	**39,156**
	42,742

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

	2021 £000	*2020 £000*
Group		
Cost	**32,993**	*29,835*
Net book value	**32,993**	*29,835*

17. Fixed asset investments

Group

	Investment in joint ventures £000
Cost or valuation	
At 1 October 2020	**274**
Share of profit	**533**
At 30 September 2021	**807**

17. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2020	**2,001**
At 30 September 2021	**2,001**

Subsidiary undertakings

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between Group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Name	Class of shares	Holding
P.J. Carey (Contractors) Limited	Ordinary	100%
P.J. Carey Plant Hire (Oval) Limited*	Ordinary	100%
Careys New Homes Limited*	Ordinary	100%
T.E. Scudder Limited*	Ordinary	100%
Seneca Environmental Solutions Limited	Ordinary	100%
ION Environmental Solutions Limited*	Ordinary	100%
Careys Environmental Services Limited, incorporated in Ireland	Ordinary	100%
Careys Estates Doon Limited, incorporated in Ireland	Ordinary and preference	100%
Careys Shared Equity Limited*	Ordinary	100%
P J Carey (Contractors) Limited, incorporated in Ireland	Ordinary	100%
BDL Group Limited	Ordinary	100%
Careys Design Team Limited*	Ordinary	100%
Careys 35 Baird St Limited*	Ordinary	100%
Careys 1 Hand Axe Yard Limited*	Ordinary	100%
Elfield Park Limited*	Ordinary	100%

* denotes subsidiaries which have taken advantage of the parent company guarantee exemption to produce unaudited accounts in accordance with s479A of the Companies Act 2006.

All companies in the Group are incorporated in England and Wales, unless specified otherwise in the table above.

All subsidiaries hold their registered office at Carey House, Great Central Way, Wembley, HA9 0HR, UK with the exception of the three Irish companies. The Irish registered companies hold their registered office at Carey House, Dardistown, Cloghran, County Dublin, Ireland.

18. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 October 2020	**56,300**
Disposals	**(50,265)**
Surplus on revaluation	**1,765**
At 30 September 2021	**7,800**
Comprising	
Cost	**5,235**
Revaluations:	
Prior revaluations	**800**
Revaluation in the year	**1,765**
At 30 September 2021	**7,800**

The 2021 valuations were made by Gibbs Gillespie Surveyors Limited, on an open market value for existing use basis.

On 30 December 2020, investment property valued at a market value of £50,265k was transferred to Araglin Holdings Limited, the ultimate parent company, as part of the Group's ongoing strategy to create separate leadership for construction and property.

19. Stocks

	Group 2021 £000	*Group 2020 £000*
Raw materials	**3,725**	*4,904*
Land and building not yet under development	**10,418**	*9,492*
Work-in-progress	**-**	*6,938*
	14,143	*21,334*

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

20. Debtors

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Due after more than one year				
Amounts owed by parent company	**46,559**	-	**46,559**	-
	46,559	-	**46,559**	-

The loan to Araglin Holdings Limited, the ultimate parent company, relates to the transfer of investment property, net of deferred tax, see note 18. The loan to the ultimate parent company is unsecured, bears interest at 1% per annum.

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Due within one year				
Trade debtors	**36,387**	*47,077*	**-**	-
Amounts owed by group undertakings	**-**	-	**27,865**	*73,781*
Other debtors	**1,560**	*4,217*	**32**	*197*
Prepayments and accrued income	**3,793**	*2,907*	**1,587**	*1,727*
Amounts recoverable on construction contracts	**45,403**	*41,740*	**-**	-
Deferred taxation	**3,312**	*3,007*	**1,107**	*1,300*
	90,455	*98,948*	**30,591**	*77,005*

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

21. Current asset investments

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Listed investments	**57**	*28*	**5**	*5*
	57	*28*	**5**	*5*

22. Cash and cash equivalents

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Cash at bank and in hand	**6,020**	*18,533*	**346**	*126*
	6,020	*18,533*	**346**	*126*

23. Creditors: Amounts falling due within one year

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Bank loans	**622**	*3,048*	**-**	*-*
Other loans	**38**	*38*	**-**	*-*
Trade creditors	**32,983**	*27,112*	**1,057**	*348*
Amounts owed to group undertakings	**-**	*-*	**66,369**	*-*
Corporation tax	**-**	*143*	**91**	*155*
Other taxation and social security	**2,565**	*13,041*	**104**	*231*
Net obligations under finance lease and hire purchase contracts	**2,487**	*3,300*	**-**	*-*
Other creditors	**9,539**	*15,969*	**59**	*333*
Accruals and deferred income	**31,747**	*48,419*	**3,141**	*3,596*
	79,981	*111,070*	**70,821**	*4,663*

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loans are secured by way of first legal mortgage over investment properties held by subsidiaries acquired in connection with the loans. The bank loans are also secured by first mortgage debenture over the Group's total net assets and unlimited cross company guarantees. Interest on bank loans was charged at LIBOR plus 3% p.a. and paid quarterly.

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

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Bank loans	**3,405**	*4,101*	**-**	-
Net obligations under finance leases and hire purchase contracts	**1,905**	*4,640*	**-**	-
Amounts owed to group undertakings	**-**	-	**-**	*62,176*
Accruals and deferred income	**-**	-	**-**	*2,452*
	5,310	*8,741*	**-**	*64,628*

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loans are secured by way of first legal mortgage over investment properties held by subsidiaries acquired in connection with the loans. The bank loans are also secured by first mortgage debenture over the Group's total net assets and unlimited cross company guarantees. Interest on bank loans was charged at LIBOR plus 3% p.a. and paid quarterly.

25. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £000	*Group 2020 £000*
Within one year	**2,487**	*3,300*
Between 1-5 years	**1,905**	*4,640*
	4,392	*7,940*

26. Deferred taxation

Group

	2021 £000
At beginning of year	**(4,154)**
Released during the year (P&L)	**(129)**
Released during the year (OCI)	**(2,375)**
Arising from the transfer of investment properties	**3,990**
Adjustment in respect of prior years	**17**
At end of year	**(2,651)**

26. Deferred taxation (continued)

Company

	2021 £000
At beginning of year	**1,300**
Released during the year (P&L)	**(186)**
Released during the year (OCI)	**(16)**
Adjustment in respect of prior years	**9**
At 30 September 2021	**1,107**

The deferred tax balance is made up as follows:

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Fixed asset timing differences	**(3,903)**	*(5,457)*	**25**	*18*
Short term timing differences	**64**	*21*	**-**	*-*
Non-trading timing differences	**1,079**	*1,282*	**1,079**	*1,282*
Losses	**109**	*-*	**3**	*-*
	(2,651)	*(4,154)*	**1,107**	*1,300*
Comprising:				
Asset	**3,312**	*3,007*	**1,107**	*1,300*
Liability	**(5,963)**	*(7,161)*	**-**	*-*
	(2,651)	*(4,154)*	**1,107**	*1,300*

27. Provisions

Group

	Other provisions £000
At 1 October 2020	**3,000**
Charged to profit or loss	**6,000**
At 30 September 2021	**9,000**

Carey Group Limited is involved in a regulatory matter relating to historical breaches due to the behaviour of a former management team. The Directors are fully cooperating with the relevant parties in relation to these investigations. The potential liability ranges from £6m to £16m. Legal advice indicates that this upper limit is likely to reduce to around £11m subject to the compliance of certain formalities. From the legal advice received and various discussions with related parties the Directors have prudently estimated that a provision of £9m is appropriate.

In making this disclosure the Directors have utilised section 21.17 of FRS 102.

Company

	Other provisions £000	Total £000
At 1 October 2020	**3,000**	**3,000**
Credited to the profit or loss	**(3,000)**	**(3,000)**
At 30 September 2021	**-**	**-**

28. Share capital

	2021 £000	*2020 £000*
Allotted, called up and fully paid		
250,000 *(2020 - 250,000)* Ordinary shares of £1.00 each	**250**	*250*

29. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative revaluation gains and losses in respect of land and buildings, except revaluations gains and losses in respect of investment properties recognised in profit or loss, net of deferred tax.

Other reserves

The other reserve represents the discount received on acquisition of subsidiaries historically and any subsequent foreign exchange movements.

Profit and loss account

The profit and loss reserve represents the cumulative profit and loss net of distributions to owners.

30. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £2,210k in the year (30 September 2020: £2,710k). Contributions totalling £389k were payable to the fund at 30 September 2021 (30 September 2020: £211k) and are included within creditors.

The Group operates a Defined benefit pension scheme.

Certain Group companies, including P.J. Carey (Contractors) Limited, T.E. Scudder Limited and P.J. Carey Plant Hire (Oval) Limited participate in the Carey Group Limited pension scheme, a multi employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. The scheme ceased future pension accrual for active members from 31 March 2006 and became paid up.

The Directors of each Group Company have taken professional actuarial advice and concluded that it is not possible to identify their share of the assets and liabilities within the Carey Group Limited pension scheme on a consistent and reasonable basis. This decision was taken due to the fact that all contributions and assets are invested together, and are not assigned to one employer, and therefore each employer's share of the assets cannot be identified on a consistent basis from year to year. Further, contribution rates paid by each employer bear no relation to the age profile of the members, leading to cross subsidisation between employers, with some employers paying more than actually required to fund the cost of accruals of benefits for each participating employer.

The contributions paid by the subsidiaries, therefore are accounted as if the scheme were a defined contribution scheme, as the subsidiaries are unable to identify their share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

Under FRS 102 the valuation of the scheme shows a deficit at 30 September 2021 of £4,315k (30 September 2020: £6,749k). It is assumed that this deficit will be eliminated by improved investment returns but all companies in the Carey Group Limited pension scheme will have some liability to meet any future deficit to the scheme, in order for it to meet its liabilities. However, the Directors consider that the overall deficit has no adverse effect on the long-term future of the Company and Group.

The total contributions to the defined benefit pension plan in the next year are expected to be £900k (period ended 30 September 2020: £720k).

The most recent full actuarial valuation of the scheme was carried out as at 6 April 2019, and has been updated to 30 September 2021 by a qualified independent actuary. The expected rate of return on the plan assets is derived based on the long-term expectations of each asset class.

30. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2021	*2020*
	£000	*£000*
Reconciliation of present value of plan liabilities		
At the beginning of the year/period	**23,971**	*21,219*
Interest expense	**405**	*785*
Actuarial gains/(losses)	**(437)**	*2,500*
Past service cost	**169**	*-*
Benefits paid	**(369)**	*(533)*
At the end of the year/period	**23,739**	*23,971*

Reconciliation of present value of plan assets:

	2021	*2020*
	£000	*£000*
At the beginning of the year/period	**17,222**	*15,778*
Interest income	**296**	*574*
Actual return on plan assets	**1,555**	*323*
Contributions	**720**	*1,080*
Benefits paid	**(369)**	*(533)*
At the end of the year/period	**19,424**	*17,222*

30. Pension commitments (continued)

Composition of plan assets:

	2021 £000	*2020 £000*
Equities	**6,993**	*6,027*
Property	**971**	*861*
Corporate bonds	**4,856**	*5,167*
Gilts	**777**	*689*
Cash	**2,137**	*1,378*
Other	**3,690**	*3,100*
Total plan assets	**19,424**	*17,222*

	2021 £000	*2020 £000*
Fair value of plan assets	**19,424**	*17,222*
Present value of plan liabilities	**(23,739)**	*(23,971)*
Net pension scheme liability	**(4,315)**	*(6,749)*

The amounts recognised in profit or loss are as follows:

	2021 £000	*2020 £000*
Interest on obligation	**(405)**	*(785)*
Interest income on plan assets	**296**	*574*
Past service cost	**(169)**	*-*
Total	**(278)**	*(211)*
Actual return on scheme assets	**1,851,000**	*897,000*
	1,851,000	*897,000*

The amount of actuarial gains (2020 - losses) recognised in the Consolidated statement of comprehensive income was £1,992,000 *(2020 - £2,177,000).*

30. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	**2.20**	*1.70*
Expected return on scheme assets	**3.00**	*2.20*
Inflation assumption	**3.60**	*3.10*
Mortality rates		
- for a male aged 65 now	**21.0 years**	*21.1 years*
- at 65 for a male aged 45 now	**22.3 years**	*22.4 years*
- for a female aged 65 now	**23.4 years**	*23.4 years*
- at 65 for a female aged 45 now	**24.8 years**	*24.8 years*

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Defined benefit obligation	**(23,739)**	*(23,971)*	*(21,219)*	*(19,617)*	*(20,451)*
Scheme assets	**19,424**	*17,222*	*15,778*	*15,430*	*14,797*
Deficit	**(4,315)**	*(6,749)*	*(5,441)*	*(4,187)*	*(5,654)*
Experience adjustments on scheme liabilities	**449**	*(14)*	*6*	*(88)*	*896*
Experience adjustments on scheme assets	**1,555**	*323*	*(394)*	*(163)*	*489*
	2,004	**309**	**(388)**	**(251)**	**1,385**

31. Controlling party and parent company

The immediate and ultimate parent company is Araglin Holdings Limited. Araglin Holdings Limited is owned by J Carey, P Carey, and T Carey. Consolidated financial statements including this entity will be available from Companies House.

Other Information

Company information

Directors:
Jason Carey
John Anthony Carey
Thomas Noel Carey
Paul Johnson
Warren Underwood
Julie Welch

Registered office:
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Great Central Way
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Middlesex
HA9 0HR

Registered number:
02644192 (England and Wales)

Independent auditors:
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Chartered Accountants and Statutory Auditors
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2 London Wall Place,
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Bankers:
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202 Finchley Road London
NW3 6BX

Santander Business Banking
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Solicitors:
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