

Company Registration No. 00706445 (England and Wales)

F M Conway Limited

**Annual report and
consolidated financial statements
for the year ended 31 March 2021**

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F M Conway Limited

Company information

Directors	M J Conway K Conway A Hansen R J Woodland J W Forecast J Garwood C Webster A R Green M S Goldsworthy	(Appointed 1 July 2020) (Appointed 23 June 2020)
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Company number	00706445
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Registered office	Conway House Vestry Road Sevenoaks Kent TN14 5EL
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Independent auditor	Saffery Champness LLP Suite C, Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG
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F M Conway Limited

Contents

	Page
Chairman's statement	1
Chief Executive's statement	2 - 3
Strategic report	4 - 12
Sustainability report	13 - 14
Directors' report	15 - 17
Independent auditor's report	18 - 21
Consolidated statement of comprehensive income	22
Consolidated statement of financial position	23 - 24
Company statement of financial position	25 - 26
Consolidated statement of changes in equity	27
Company statement of changes in equity	28
Consolidated statement of cash flows	29
Notes to the consolidated financial statements	30 - 66

Chairman's statement

For the year ended 31 March 2021

2021 is the Group's 60th anniversary and the continuing coronavirus pandemic presented challenges unlike any the business has ever experienced. I am immensely proud of the agility, diligence, and professional manner with which our great people have faced up to those challenges; continuing to deliver vital infrastructure services for communities and businesses. As a self-delivery organisation, employing the workforce we need and having our own plant, transport, and infrastructure behind them, we successfully control the whole process for our customers, and as a result, were able to find a way of delivering what our customers needed, with the people that are the best in this industry.

Having passed the CEO baton to Adam Green at the beginning of the year, I knew he was a good fit for the business, and this has been demonstrated by his successful leadership through the new challenges. I am proud that F M Conway played its own part in the pandemic response; donating protective equipment and technology, when and where it was needed most, providing traffic management at the Covid testing centres, supporting employee volunteers at vaccination centres, and providing much needed opportunities for a large number of young, unemployed people through our enthusiastic adoption of the government Kickstart scheme.

Although our business was founded in London and the South regions, the opening of our new asphalt plant at Newhaven affords the much-needed capacity to grow our operational reach, and with the welcoming of Toppesfield into the Conway family in March, we are now able to provide a national surfacing capability.

With Group employees approaching 2,000, we put our people first and pride ourselves on the support we offer our workers; from the investment in health and safety as we continually look for ways to reduce risk and keep people safe including our 'Big10 in TEN' strategy, our wellbeing support, to the removal of any communication barriers across the business. We remain focused on delivering the best experience for our customers and are always seeking ways to add value by investing for the future. We are proud to have continued receiving many awards in recognition of the quality and service we provide to our customers, particularly during this difficult time.

However, we are also focused on our communities. We act with care and compassion and are dedicated to the importance of making a positive impact on society. We deliver social value with our people through apprenticeships and emerging talent activities, the Conway Charitable Foundation, wellbeing, and opportunities for social mobility. We also invest in sustainable solutions with a sustainability strategy in place around the Planet, our Purpose, and our People.

The financial results for the year were encouraging, particularly in light of the additional costs associated with the pandemic. The benefit of maintaining financial discipline means that the Group retains a strong balance sheet to help us navigate a difficult economic outlook for the UK in the coming years.

I would like to add a personal thank you to our customers, employees, suppliers, sub-contractors, and advisers for their assistance in working with the Group. We look forward to working with you in the future.

I look forward to seeing our great business continue to go from strength to strength under Adam's leadership.



M J Conway
Chairman

25 May 2021

**Chief Executive's statement
For the year ended 31 March 2021**

The year to March 2021 (FY21) was a challenging year for the Group, however, it was also one that customers, suppliers and subcontractors came together to protect our most valued asset: our People. Our manufacturing facilities were closed in April 2020, but by working together with some of our external stakeholders we established safe ways of working that allowed us to reopen.

Despite the challenges, the Group pushed forward and developed a new 10-year strategy focused on sustainable growth built on three strategic pillars; Self-Delivery; Sustainability & Carbon Reduction; and Innovation & Technology and significant steps were taken against each strategic pillar in the year. Completing the acquisition of Toppesfield and the opening of the Newhaven asphalt plant significantly expanded our surfacing and asphalt manufacture self-delivery capabilities. We continued to innovate and increase the level of recycling at our asphalt plants, pioneered cargo bikes for delivering materials around London, and developed and installed our own SureCharge electric vehicle charging points in London. We also launched our ambitious carbon reduction target - setting out our vision of being a carbon neutral business by 2045. Additionally, we took significant steps in Innovation and Technology, progressing asset management software to deliver efficiencies and benefits for our customers, trialling HoloLens solutions and partnering with US company RoadBotics to bring Artificial Intelligence (AI) technology to the roads of London and the South.

During the year, the Group continued to invest in health and safety, including the launch of 'Big Ten in TEN', which is our 10-year strategy for eliminating the potential of the 10 biggest operational risks that cause life changing harm. Where elimination is not an option, and in order to create an environment where people can remain safe and healthy, we are providing a number of safety critical controls for each Big Risk activity to take full advantage of advances in the digital and technological worlds to provide physical, electrical, and mechanical protection.

In the early part of FY21, when the first lockdown was announced, we reacted swiftly to the market; temporarily closing asphalt plants and standing down some of our operational and support teams whilst the impact of the situation and outcomes evolved. During this initial shutdown, a large proportion of the Group's operations ceased and/or became inefficient whilst new safe methods of working were developed. During this time, we made a short term and limited use of the government's furlough scheme to protect the cash in the business, retain jobs, and to protect the vulnerable or those with childcare requirements to defend the long-term future of our organisation. We took a number of difficult decisions, including the cessation of new recruitment, salary reviews, and suspension of all non-essential expenditure and activities.

Over time, as client and public confidence grew, we were able to return to increased trading and adapted some of our existing products and solutions to support our customers' new Covid related demands.

During the year the Group made continued progress towards delivery of its strategic targets having achieved a profit before tax of £19.8m (FY20: £12.6m) and being awarded a number of key contracts, securing both its medium and longer-term outlook.

In October we hosted Prime Minister Boris Johnson at our Heathrow site in support of the government's 'Build Back Better' campaign, which leads the charge to a robust and sustainable recovery from the pandemic and were described by Boris Johnson as "one of the greenest road-working companies in the whole of the world". Government short term recovery plans, coupled with the longer-term National Infrastructure Strategy announced in November 2020 give us the confidence to continue to invest and grow the Group, whilst supporting our recycling and carbon reduction agenda.

In December we won an award for the second year running at the Better Society Awards, this time in the Built Environment category.

F M Conway Limited

Chief Executive's statement (continued)

For the year ended 31 March 2021

In February 2021 we completed a re-finance which enabled us in early March, to conclude the final part of the acquisition of Toppesfield Limited - a well-established and reputed national surfacing contractor. The addition of Toppesfield increases the Group's geographical reach, positioning the business as one of the largest asphalt producers and surfacing contractors in the UK.

During March, and in support of our strategic intent on leading in technological innovation, we invested in a digital asset management platform which will support operational excellence and efficiencies whilst providing significant benefit to our clients. We ended the year with the acquisition of Oades Traffic Management to complement our existing Traffic Management division.

With a strong and growing infrastructure services orderbook, with the proven capability to deliver and refreshed long-term financing in place, the Group is well positioned for continued success in the year ahead.



A R Green

Chief Executive Officer

25 May 2021

COVID-19 and the Group's response

From the beginning of the year, the Board acted swiftly and effectively to safeguard its people, protect its customers' interests, and ensure the continuity and long-term sustainability of our business. It succeeded because of the resilience, determination, ingenuity, and adaptability of its great people.

It was unclear what restrictions would be implemented in the UK, how long they might last or how they would eventually be relaxed. An immediate and dramatic downturn in work, coupled with an initially negative reaction by the general public and national media to workers continuing in our sector, led us to take decisive action to protect the future of the business, our reputation, and existing jobs. We reduced the numbers of people to meet the reduced demand and ceased all unnecessary activity and expenditure. To avoid hardship and ensure we retained our much-valued skill base, we chose not to reduce staff salaries (unlike many in the industry) and contributed top-up payments to 80% for those on furlough leave for the brief time it was used.

We took the opportunity to explore options with our clients and adapted our activities to support local authorities in managing the requirements of the government restrictions by installing temporary measures and bespoke signage in the highway to repurpose space and support social distancing and altered mobility.

In order to demonstrate our gratitude and play our part, we made several donations of PPE (Personal Protective Equipment) when there were shortages, to the NHS and Care Homes. We donated funds for laptops and technology to educational and youth establishments who had suffered disruption to their studies and provided the same to Age UK, so that those unable to receive visitors could remain in contact with their loved ones.

Additionally, moved by the impact on employment opportunities for 16 to 24-year-olds, we actively engaged with the Kickstart scheme as we are passionate about developing young people and promoting the Construction industry. As an early adopter we were invited to participate in a group with the Department for Work and Pensions to promote the scheme to other potential employers. We are targeting to recruit 60 individuals through the scheme and have already employed over 40, 60% of whom are female.

To support the vaccination program, we have encouraged uptake and provided volunteer days for our people to become involved and play their part.

People

Our people and their welfare

As a family business with 'Care' as a core value, we operate and interact with each other in a manner that develops engagement on a personal and professional level to enhance the working environment.

The construction industry needs to attract and retain new people to address a growing skills shortage and understanding the motivations and experiences of our people has been an important area of focus this year.

Following Brexit, the Group has continued to invest in supporting its overseas workers and are exploring all aspects of recruiting new workforce, from the UK and overseas to ensure we have access to the widest talent.

Joining a new business can be a challenge for individuals at any time and so our new employee experience was adapted and enhanced through an improved induction and on-boarding programme to nurture and inform over the first 12 months of service.

Training and developing our people during this period has also required innovative solutions. We successfully delivered training to over 2,000 people despite the need for social distancing and ensured that we were able to continue to operate safely, support emerging talent, and meet compliance and competence standards.

We regularly review our remuneration against the sector and competitor averages to ensure we remain an attractive employer of choice, we are proud to be an employer that provides the London Living Wage as a minimum to those working on our London contracts, and we delivered an improved rewards and benefits platform, an increase in annual leave for those in early careers, and a significant increase to maternity and paternity benefits in line with our family ethos.

Our continuing mental health first aid training program ensures easy access to assistance for those that needed it, we increased the number of mental health first aiders to over 100, which raised awareness and availability of support. In the past year we have delivered training in this subject to over 2,000 people and signposted employees to additional support and material through our Employee Assistance Programme and the new Rewards and Benefits portal.

Employee voice and communication

The Group actively invites opinion, and endeavours to understand the issues important to employees to ensure their voices are heard, respected, and incorporated in our decision-making process. Engagement is also encouraged and promoted through the development of our people, and significant investment is made into the creation of talent to ensure greater job satisfaction and pride.

Two-way dialogue has been maintained this year through 'pulse' surveys and regular virtual team meeting feedback which has directed and influenced our decisions. We have actively promoted and reviewed all existing communication channels, introducing a number of new ways to encourage participation. As a result of the evolving situation, we created a workforce web page to provide information, ensuring communication remained current and easily accessible for those in and out of work, for whatever reasons.

Attracting new talent

Recruitment was paused at the beginning of the year but resumed with high levels of activity later in the year. Our in-house recruitment team has grown, reducing reliance on external agencies and increasing agility. We actively engage in the recruitment of Ex-Service people and have again been shortlisted as 'Employer of Choice' by English Veterans. Diversity and social mobility, remain areas of focus, working with organisations that support employees from a BAME background, ex-offenders, those in the care system, and the long term unemployed.

Our enthusiastic and early adoption of the Kickstart scheme has encouraged interest from young, long term unemployed who may not otherwise have considered our industry as a career option and may find the current employment market increasingly challenging.

Diversity

With 44 different nationalities represented across our workforce we want to continue ensuring that we have access to the widest talent pool and so launched a new EDI (Equality, Diversity & Inclusion) strategy this year focused on our activities for the next 4 years. We actively promote opportunities for all and have trained everyone involved in recruitment activities to ensure we offer a fair and equitable process which means anonymised CVs and agreed candidate suitability metrics before the interview process. 12.1% of our employees are female, ahead of the industry average, however we are working hard to continue to improve. The Board initiated an EDI forum which actively focuses on delivering a number of workstreams to promote and develop under-represented groups which has seen significant employee interest and participation.

Disability

Group policy is to offer the same opportunities to all people in respect of recruitment and career advancement. As one of a small number of companies in our sector to achieve Disability Confident Leader status we take our role seriously and actively support other organisations in this sphere. In support of this we held a week-long series of well attended public events with members of our supply chain and customer base to raise awareness about the issues facing people with disability.

Operating and financial review

Overview

During the year to 31 March 2021 (FY21), the Group made continued progress towards delivery of its strategic targets, delivering a profit before tax of £19.8m (FY20: £12.6m). The business was significantly disrupted by the global pandemic, particularly in April and May 2020. However, the business reacted quickly to our customers' needs, accelerating a number of its projects to catch up for lost time and innovated to support our customers in facing the challenges they were presented with.

The key achievements in the year were as follows:

- The Group delivered a strong profit before tax of £19.8m (FY20: £12.6m), a record result for the Group which included a £4.6m gain from the sale of leasehold land rights
- The Group generated £31.4m of operating cashflow
- The Group was refinanced for a further 3 years in February 2021
- Completion of the 100% acquisition of Toppesfield and two smaller acquisitions / investments
- Successful opening and operation of our seventh asphalt plant in May 2020
- Delivery of our first "SureCharge" branded electric vehicle charging points

Funding

On 26 February 2021, the Group refinanced its term debt and revolving credit facilities, for a 3-year period with two additional one-year optional extensions. The new committed facilities were used to refinance the Group and fund the Group's acquisition of Toppesfield Limited. The refinancing was provided by the Group's relationship banks, NatWest, Lloyds, and HSBC.

The Group complied with all banking covenants during the year, without any waivers or relaxation of its covenants throughout the impact of COVID-19 to the date of signing of these accounts. The Group generated strong operating cash flow of £31.4m in the year, a £1.2m improvement on FY20. Despite the £41.4m acquisition of Toppesfield (including costs), net debt only increased by £15.7m to £65.1m (FY20: £49.4m).

The Group does not employ supplier payment facilities.

Land transaction

In November 2020, the Group surrendered a 25-year lease with 20 years remaining in exchange for net consideration of £4.6m, being £3.3m of freehold land, £1.5m of cash less £0.2m of costs. This gain is included within the consolidated statement of comprehensive income.

Taxation

The Group recorded a corporation tax charge of £5.2m in the year (FY20: £4.5m). The Group takes its social and economic responsibilities seriously and pays the appropriate amount of tax on all its operations.

Pensions

The Group operates several pension schemes with leading industry providers. These are defined contribution schemes and, as such, there are no outstanding pension liabilities.

Insurance

Insurance broking is provided by Lockton, given its technical expertise in arranging insurance for infrastructure services providers. Our insurance profile closely tracks and correlates with our safety performance, with the Group continuing to experience relatively low levels of claims during the year. We carefully monitor the balance between insurance risk retained by the Group through levels of excess, and that which we purchase in the external market.

Goodwill and intangible assets

Group goodwill increased in the year to £56.4m (FY20: £20.0m) due to the acquisition of Toppesfield Limited. Goodwill is amortised under FRS 102, with a goodwill amortisation period of 10 years for Toppesfield (similar to previous acquisitions of Berkshire Macadam and United Asphalt). In accordance with FRS 102 the recoverable amount has been tested by reference to three-year forecasts, discounted at the Group's estimated weighted average cost of capital.

As of 31 March 2021, based on the internal value-in-use calculations, the Board concluded that the recoverable value of the cash-generating units exceeded the carrying amount.

Finance and treasury policy

The Group's treasury function has continued to prudently manage the Group's liquidity, funding and financial risks arising from movements in areas such as interest rates and foreign currency exchange rates. The Group continues to review its credit support requirement and broaden its base of key financial stakeholders, including key banking relationships and surety bonding providers who support our long-term strategy.

Supplier payments

The Group continues to target improvements in its supplier payments and is fully engaged with current discussions regarding payment practices.

The Group's main UK trading entity, F M Conway Limited reported an average payment duration of 32 days with 95 per cent of invoices paid within 60 days, for the six-months to 31 March 2021 (six months to 31 March 2020: average days of 34 and 87 per cent of invoices paid within 60 days). F M Conway is a signatory of the Prompt Payment Code (PPC) and having consistently improved its processes is fully compliant with the PPC.

Outlook

The Board remains confident in the resilience of the business and its leadership due to its proven track record against a challenging market backdrop. The Government's recently announced infrastructure investment program has strengthened the outlook for the construction sector over the next decade and F M Conway is well-positioned to respond to this.

We expect the business to continue the strong performance it has delivered since June 2020 into FY22. Given the Group's growing orderbook and long-term contracts we expect to increase annual turnover year on year. The extent to which we will see this increase in FY22 will be impacted by the speed at which additional government infrastructure initiatives and spending plans are developed into deliverable projects for our business. We remain confident of growing the profitability of the Group in FY22, however recent material price increases will pressure margins if these increases are sustained.

Principal risks and uncertainties

The Board has a well-established process for identifying, evaluating, and managing the business risks faced by the Group. Business risks are identified and evaluated through the management team's ongoing review of progress against strategic objectives. Furthermore, we assess risks as regards our market sectors, competitors, partnerships, and the impact of political decisions which may have an effect on our trading activity. The business risks include:

Risk

Mitigation and FY21 activities

Health and safety

The nature of our activities presents considerable threats that could cause significant harm to employees, suppliers, clients, members of the public or the environment, which could lead to injuries, health implications, financial loss/penalties or serious damage to the Group's reputation.

Health and safety are the key area of focus for F M Conway and mitigation occurs throughout every level of the Group's governance framework. To complement this new approach, the business established its Big Ten in 10 strategy, which is our route map to eliminating the potential of the 10 biggest operational risks to cause life changing harm.

Where elimination is not possible, and in order to create an environment where people can remain safe and healthy, we will have several safety critical controls in place for each Big Risk activity.

Ultimate responsibility for the management of health, safety and environmental issues rests with the Board, which routinely monitor performance including review of a new set of health and safety dashboards using standard indices to compare actual incidents to the potential of those incidents to arise. The new dashboards aim to show the true operational performance and to assist the business in identifying where the risks are rising in the business as opposed to the traditional approach of lagging indicators.

Primary authority for the day-to-day execution of related objectives is delegated to divisional management teams. Employees are empowered to act on health, safety and environmental issues but our documented Safety Management System (SMS) clearly details mandatory procedural, behavioural and training requirements, is implemented on every workplace and is continually reviewed and updated.

Economic and market risk

The Group operates in an industry which can be impacted by changes in the economic environment, government policy and regulatory developments which could have a significant impact on future activity levels, thus affecting the Group's profitability.

The Group operates in a competitive industry and manages the risk this poses though continued investment in people, equipment and service offering.

A significant proportion of the Group's turnover is mandatory work which our clients are legally required to complete and other elements are 'spend to save' for our clients. We also maintain a balanced portfolio of customers and services to mitigate the overall exposure.

Operational risks arising from the nature of the work undertaken

The Group continues to deliver innovative solutions across a range of infrastructure services. Any inability to deliver on time, to budget and to the right quality could result in financial loss or reputational damage.

Once a project has gone through our rigorous tendering and project selection governance process F M Conway's approach is guided by a detailed project management approach.

If there are any substantial changes proposed on a project that would deviate from the key terms and delivery methodology agreed when bidding the project, then those changes must be approved. Divisional management teams review each live project on a monthly basis and in the case of larger projects on a weekly basis.

Further reviews are also completed by the Group Commercial Director to ensure compliance and capture lessons learnt.

Financing risks, including hedging of interest and exchange

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due and could affect its ability to invest, win work or pay staff and creditors.

The Group actively manages working capital and its debt facilities through rolling cash flow projections and live cash reporting. The policies seek to ensure sufficient liquidity is available to meet the working capital needs of the business whilst maintaining a healthy level of investment and re-investment. Funding arrangements are reviewed regularly and approved by the Board.

The Group has access to a £30m Revolving Credit Facility that is committed until 26 February 2024.

The Group actively manages exposure to foreign currency risk through hedging of forecast transactions, when known, principally using forward currency contracts.

The Group finances its operations through a mixture of retained profits, cash and secured bank and hire purchase debt. Debt facilities are subject to a mixture of fixed and variable rate interest in order to mitigate risk associated with rising interest rates whilst providing opportunity for upside potential should interest rates fall.

Information risks such as data protection, cyber security and integrity of IT systems

External vulnerability to attack is a growing worldwide issue which could result in erroneous information entering our systems or commercial data being accessed without permission. A serious IT systems outage could have an operational, financial and/or reputational impact.

We have made efforts to significantly mitigate the risk during the year through investments made in our systems and controls, however, it is vital that we maintain a high level of vigilance at all times.

With the GDPR regulations and the increased frequency and severity of global cyber security threats, we have conducted a number of peer-to-peer meetings with those in our industry who have been subject to cyber-attack to understand and implement lessons learned. This has increased visibility to our potential threats, enabling us to intervene at an earlier stage in any such event. In parallel, we have established a number of educational and awareness sessions including mandatory e-learning and regular email communication to all our people to assist in raising the awareness around these threats.

We are instigating a set of activities to ensure The Group maintains its compliance with the Cyber Essentials framework.

Corporate governance report

Section 172 Companies Act 2006 statement

The Group recognises the importance of delivering effective corporate governance in supporting the long-term success and sustainability of its business. The members of the board can bring a wide range of technical and industrial experience when making decisions with the non-executive directors being able to provide independence and oversight.

Training

The Board of directors is aware of the importance of undertaking regular and ongoing training to support regulatory requirements. Directors and senior managers received training during the reporting period and the Group initiated a 'Great Leaders' programme to upskill leaders and future leaders of the business to meet regulatory requirements.

Board meetings

The Board of directors meet monthly throughout the year, supported by management and various departmental divisions providing timely and detailed information in support of the Board's decision making. The Board operates an agenda of items appropriate to the size and complexity of the business. Items requiring Board approval are clearly defined and includes the annual approval of the 3-year business plan; new bank facilities, investment proposals, including acquisitions and disposals, and significant changes to the way health and safety is managed and monitored.

The Board receives monthly reports on the operating and financial performance of the business. These include current and forecast financial information, liquidity reports in the form of rolling cash forecasts, bank covenant compliance reports with details of available bank facilities and a report on taxation matters affecting the business. CEO and divisional updates are provided, including progress reports on approved investment proposals.

The Board takes an active role in the approval of policies including those related to anti-slavery and human trafficking, anti-bribery and corruption and the Group's tax strategy. The Board reviews its Gender Pay reporting, including improvement proposals.

The Board delegates authority for the day-to-day management to the executive directors. Valuable or key contract approvals are delegated to the Bids Committee and require CEO and an additional Board member approval, and formal delegations of authority are embedded into the Group's ERP systems.

Principal decisions

Principal decisions are undertaken by the Group having followed a tiered and gated process before being presented to the Board for their consideration and approval. The business case will take account of stakeholder and operational benefits to the business.

Principal decisions taken during the period related to the acquisition of Toppesfield Limited and the refinancing of the Group. The Board carefully considered the impact on employees, suppliers and other stakeholders, with separate working groups formed to assess and mitigate associated risks. With the ever-increasing reliance on systems and technology, during the period the Board formed an IT Steering Committee. The committee is chaired by the CFO and includes senior stakeholders from across the business, to review a tiered and gated approval process, assess significant proposals, monitor progress of inflight projects, ensures resources are appropriately prioritised and reported to the Board.

Culture

The family ethos and Group values form the principles of the culture, and are used by the Board, acting as a guiding framework for decision making. These values have been especially important in supporting decision making during the pandemic. Good governance and effective communication are essential to ensuring business decisions and conduct are of a high standard. This assists with the delivery of our purpose, whilst at the same time protecting the Group's reputation and relationships with its stakeholder community.

Economic crime

We refer to the collective of fraud, bribery, corruption, money laundering and modern slavery as economic crime. We are determined to manage this risk across the Group and our supply chain. As well as the tragic human consequences, exposure could lead to financial loss or delays to delivery and might impact on customer and stakeholder confidence in how we respond to any issues that we find.

F M Conway takes a zero-tolerance approach to economic crime of any kind and we are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. It is our policy to conduct all our business in an honest and ethical manner, working together as a family with our people, our customers, and our communities. Any instances of economic crime will be dealt with effectively, ethically and in accordance with the law.

This year we have focused on expanding our training and development programme, to increase awareness of both statutory and health and safety aspects of our business and the industry we operate. Our counter-fraud culture is maturing throughout our organisation, with appropriate channels in place for staff, customers and our supply chain to raise concerns safely through our SpeakOut process. Our suite of policy, processes and procedures reflects and builds upon current legislative requirements. These are conveyed to all our employees and should be understood by all our employees, no matter what their role.

We have improved our understanding of our risk profile, which captures internal and external economic crime risks, including those introduced through cybercrime. We use this information to carry out proactive testing over our control activity to improve our resilience.

Our ability to deal with economic crime has increased during the year and we are progressing a risk-based programme of proactive work to help reduce the level of risk that we face.

On behalf of the Board



A R Green
Director



M S Goldsworthy
Director

25 May 2021

We launched our new sustainability strategy on World Earth Day. Our strategy aligns our objectives to those of the United Nations Sustainability Development Goals and provides us with the environmental, social and governance framework that will support the majority of our clients given that, at the time of writing, 21 of the 33 London Boroughs have declared a climate emergency.

Streamlined Energy and Carbon Report (SECR) 2020/21

F M Conway has a track record of forward thinking, investment in sustainable solutions and a commitment to continuous improvement. We have developed a carbon strategy to align or improve upon the government's targets of carbon reduction commitments. We have set an objective of being carbon neutral by 2045.

Managing environmental impacts

The Group's self-delivery model is based on investing in and owning the equipment and technologies to best deliver our customer's requirements. This approach also increases our control on the environmental performance of our operations. Often at the forefront of new technology, the Group is already taking a structured approach to assessing new transport, power and fuel options and we plan to invest in proven green technologies and solutions as appropriate.

F M Conway manages environmental impacts in line with the detailed integrated management system certified to ISO14001:2015. We have a management framework which sets out control methods and reporting tools to ensure environmental impacts are planned for. This includes the Sustainability Strategy and draft Carbon Strategy which sets out our vision for carbon reduction, and why we have adopted particular approaches. It provides reasoning behind our targets and an action plan that supports and tracks the deliverables. We will engage and optimise our sphere of influence by working with all stakeholders to deliver the change.

An intrinsic part of the Carbon Strategy is demonstrating a method from which we can report and manage our emissions in a logical and easily accessible platform. GHG reporting will form part of a quarterly dashboard which is reviewed against targets by the Carbon Action Plan and the Board.

Reporting boundary

The reporting boundary is FY21 and covers the operations of F M Conway. We have reported gas, electricity, and transport emissions, along with fuel oil, gas oil, and HVO (Hydrotreated Vegetable Oil).

Performance

We continue to deliver recycled products in the construction industry, including creation of type 1 and type 4 which is reused back into the roads and projects they have been removed from, creating a truly circular economy business. We have promoted more efficient fuels and processes to heat and dry our aggregates for asphalt production and consequently seen an increase in gas use but a decrease of 13% in carbon emissions per tonne of asphalt created. Our diesel consumption has decreased by 10% due to increased electric vehicles and reduced miles travelled as a result of COVID-19.

Energy consumption

	Consumption (kwh)	Consumption (%)	tCO2e	%
Gas oil	25,318,684	11.29%	6,527.20	14.57%
HVO	720,728	0.32%	12.00	0.03%
LPG	4,420	-	0.90	-
Gas	100,762,217	44.92%	18,527.10	41.35%
Electricity	10,995,536	4.90%	4.00	0.01%
Fuel oil	14,815,025	6.61%	3,338.10	7.45%
Diesel	71,088,680	31.69%	16,241.50	36.25%
Petrol	589,451	0.26%	152.60	0.34%
Totals	224,294,741	100.00%	44,803.40	100.00%

Intensity ratios

	2018/19 (baseline year)	2019/20	2020/21
Total carbon emissions (tCO2e)	51,249	49,995	44,238
Turnover £m	318	325	330
tCO2e/£m	161	154	134

Methodology

The carbon emissions have been calculated in accordance with the Greenhouse Gas (GHG) Protocol. Conversion factors to convert the raw energy and transport figures to Tonnes CO2 Greenhouse Gas Emissions are taken from the most recent (2020) Department for Business, Energy and Industrial Strategy publication (<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>).

Examples of current initiatives and planned activity

Actions taken in the past year

- HVO fuel sourced for red diesel replacement at our Aldershot plant.
- Newhaven Plant has been connected to mains electricity.
- All electricity purchases by F M Conway come from certified renewable sources.
- Purchase of a fleet of 26 electric vehicles for our new TfL HMF South contract.
- Our carbon strategy is currently being finalised for publication in June 2021.
- Business case put forward for new electric plant and tools based on successful 2020 trials.

Longer term initiatives under consideration

- Increase to 60% under 1.5t vehicles to electric.
- Invest in trials of low or zero carbon HGVs and plant.
- Reduce carbon by 25% by 2024 and 50% by 2030 in scope 1 and 2.

F M Conway Limited

Directors' report

For the year ended 31 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The Group is a leading infrastructure services provider, delivering vital services in transportation, the built environment and open spaces for communities and business. Through its self-delivery model and combining its in house professional services team with front line operational excellence, we inspect, design, build, produce, enhance, and maintain essential infrastructure services for the community.

Results and dividends

The results for the year are set out on page 22.

Ordinary dividends were paid amounting to £2.5 million (2020: £2.25 million). The directors do not recommend payment of a final dividend.

Directors

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

M J Conway

K Conway

D T Donnelly

(Resigned 30 June 2020)

A Hansen

R J Woodland

J W Forecast

J Garwood

C Webster

A R Green

(Appointed 1 July 2020)

M S Goldsworthy

(Appointed 23 June 2020)

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

Changes in Group structure

On 1 March 2021, the Group acquired the remaining share capital in its Toppesfield associate - further details on this and other investments are in note 32 to the financial statements. The Group continues to operate within the United Kingdom and does not have any overseas branches. Following the successful completion of its six year TfL contract in 2021, the Group's joint venture Conway Aecom Limited ceased taking on new projects on 31 March 2021.

Charitable donations

The Group contributes to a charitable foundation for the benefit of deserving causes and our employees are actively encouraged to select charities to receive funds and to actively participate in fundraising events.

We work in partnership with our clients and other stakeholder organisations including the Worshipful Company of Paviers', London Construction Academy, and the road safety charity BRAKE.

The foundation continued their commitment to the Royal British Legion Industries, the receivers of the largest donation. The Street Soccer Foundation who aims to change lives through football were amongst other charities supported. During the COVID pandemic a number of smaller charities and community groups received financial donations to increase social mobility and assist with their support for access to essential services, foodbanks and home schooling. Donations of personal protective equipment and sanitizer were delivered to care homes, hospitals and charities experiencing shortages during the early stages of the pandemic.

On behalf of the Board



A R Green
Director



M S Goldsworthy
Director

25 May 2021

**Independent auditor's report
To the members of F M Conway Limited**

Opinion

We have audited the financial statements of F M Conway Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and of the parent company's affairs as at 31 March 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group 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.

Independent auditor's report (continued)
To the members of F M Conway Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group 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 parent company or to cease operations, or have no realistic alternative but to do so.

**Independent auditor's report (continued)
To the members of F M Conway Limited**

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and parent company by discussions with directors and by updating our understanding of the sector in which the Group and parent company operates.

Laws and regulations of direct significance in the context of the Group and parent company include the Companies Act 2006 and UK Tax legislation.

Further, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements; through significant fines, litigation or restrictions on the Group's operations. We identified the most significant of such laws and regulations to be those issued and overseen by the Health and Safety Executive, and those set out in the Bribery Act, Modern Slavery Act and in employment law.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of Group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance including the maintenance of industry licenses.

**Independent auditor's report (continued)
To the members of F M Conway Limited**

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed



**Alistair Hunt (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP**

25 May 2021

**Chartered Accountants
Statutory Auditors**

Suite C, Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

F M Conway Limited

**Consolidated statement of comprehensive income
For the year ended 31 March 2021**

	Notes	2021 £'000s	2020 £'000s
Turnover	3	338,178	325,671
Cost of sales		(301,928)	(289,042)
Gross profit		<u>36,250</u>	<u>36,629</u>
Administrative expenses		(23,200)	(21,925)
Other operating income	4	7,564	195
Operating profit	5	20,614	14,899
Amortisation	13	7,732	7,397
Operating profit before amortisation		28,346	22,296
Share of profits of associates and joint ventures	17, 18	1,029	33
Interest receivable and similar income	9	15	55
Interest payable and similar expenses	10	(1,813)	(2,332)
Profit before taxation		<u>19,845</u>	<u>12,655</u>
Tax on profit	11	(5,222)	(4,496)
Profit for the financial year		<u><u>14,623</u></u>	<u><u>8,159</u></u>

The notes on pages 30 - 66 are an integral part of these financial statements.

F M Conway Limited

Consolidated statement of financial position
As at 31 March 2021

	Notes	£'000s	2021 £'000s	£'000s	2020 £'000s
Fixed assets					
Goodwill	13		56,412		20,013
Patents and licences	13		16,668		20,605
			<u>73,080</u>		<u>40,618</u>
Total intangible assets			73,080		40,618
Tangible assets	14		104,206		95,037
Investments	15		866		10,500
			<u>178,152</u>		<u>146,155</u>
Current assets					
Stocks	19	6,809		6,660	
Debtors	20	75,171		69,952	
Cash at bank and in hand	21	40,546		27,189	
			<u>122,526</u>	<u>103,801</u>	
Creditors: amounts falling due within one year	22	(101,078)		(94,601)	
				<u>21,448</u>	<u>9,200</u>
Net current assets			21,448		9,200
Total assets less current liabilities			<u>199,600</u>		<u>155,355</u>
Creditors: amounts falling due after more than one year	23		(92,363)		(61,526)
Provisions for liabilities					
Provisions	27	(1,868)		(1,220)	
Deferred tax liability	28	(6,434)		(5,931)	
			<u>(8,302)</u>	<u>(7,151)</u>	
Net assets			<u>98,935</u>		<u>86,678</u>
Capital and reserves					
Called up share capital	30		10		10
Revaluation reserve	31		3,997		3,997
Profit and loss reserves	31		94,928		82,671
			<u>98,935</u>		<u>86,678</u>
Total equity			<u>98,935</u>		<u>86,678</u>

The notes on pages 30 - 66 are an integral part of these financial statements.

F M Conway Limited

**Consolidated statement of financial position (continued)
As at 31 March 2021**

The financial statements were approved by the board of directors and authorised for issue on 25 May 2021 and are signed on its behalf by:



**A R Green
Director**



**M S Goldsworthy
Director**

Company Registration No. 00706445

F M Conway Limited

**Company statement of financial position
As at 31 March 2021**

	Notes	£'000s	2021 £'000s	£'000s	2020 £'000s
Fixed assets					
Goodwill	13		16,553		20,013
Patents and licences	13		16,668		20,605
			<u>33,221</u>		<u>40,618</u>
Total intangible assets			33,221		40,618
Tangible assets	14		92,309		95,037
Investments	15		53,921		11,684
			<u>179,451</u>		<u>147,339</u>
Current assets					
Stocks	19	6,652		6,660	
Debtors	20	66,926		69,952	
Cash at bank and in hand	21	31,027		27,189	
			<u>104,605</u>	<u>103,801</u>	
Creditors: amounts falling due within one year	22	(86,652)		(94,852)	
			<u>17,953</u>		<u>8,949</u>
Net current assets			17,953		8,949
Total assets less current liabilities			<u>197,404</u>		<u>156,288</u>
Creditors: amounts falling due after more than one year	23		(91,103)		(61,526)
Provisions for liabilities					
Provisions	27	(1,868)		(1,220)	
Deferred tax liability	28	(5,829)		(5,931)	
			<u>(7,697)</u>	<u>(7,151)</u>	
Net assets			<u>98,604</u>		<u>87,611</u>
Capital and reserves					
Called up share capital	30		10		10
Revaluation reserve	31		3,997		3,997
Profit and loss reserves	31		94,597		83,604
			<u>98,604</u>		<u>87,611</u>
Total equity			<u>98,604</u>		<u>87,611</u>

F M Conway Limited

Company statement of financial position (continued)
As at 31 March 2021

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £13,493k (2020: £8,166k).

The notes on pages 30 - 66 are an integral part of these financial statements.

The financial statements of F M Conway Limited were approved by the board of directors and authorised for issue on 25 May 2021 and are signed on its behalf by:



A R Green
Director



M S Goldsworthy
Director

Company Registration No. 00706445

F M Conway Limited

**Consolidated statement of changes in equity
For the year ended 31 March 2021**

	Notes	Share capital £'000s	Revaluation reserve £'000s	Profit and loss reserves £'000s	Total £'000s
Balance at 1 April 2019		10	3,997	76,762	80,769
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	8,159	8,159
Dividends	12	-	-	(2,250)	(2,250)
Balance at 31 March 2020		10	3,997	82,671	86,678
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	14,623	14,623
Dividends	12	-	-	(2,500)	(2,500)
Adjustment of investment in associate on obtaining control		-	-	134	134
Balance at 31 March 2021		10	3,997	94,928	98,935

F M Conway Limited

**Company statement of changes in equity
For the year ended 31 March 2021**

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£'000s	£'000s	£'000s	£'000s
Balance at 1 April 2019		10	3,997	77,688	81,695
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	8,166	8,166
Dividends	12	-	-	(2,250)	(2,250)
Balance at 31 March 2020		10	3,997	83,604	87,611
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	13,493	13,493
Dividends	12	-	-	(2,500)	(2,500)
Balance at 31 March 2021		10	3,997	94,597	98,604

F M Conway Limited

Consolidated statement of cash flows
For the year ended 31 March 2021

	Notes	£'000s	2021 £'000s	£'000s	2020 £'000s
Cash flows from operating activities					
Cash generated from operations	38		31,391		30,233
Interest paid			(1,528)		(2,670)
Income taxes paid			(6,293)		(2,681)
Net cash generated from operating activities			<u>23,570</u>		<u>24,882</u>
Investing activities					
Purchase of tangible fixed assets		(2,997)		(6,272)	
Proceeds on disposal of tangible fixed assets		691		1,679	
Proceeds on disposal of lease right		1,346		-	
Purchase of subsidiary net of cash acquired	32	(23,365)		-	
Purchase of associate	17	(797)		-	
Distributions from joint ventures and associates		161		41	
Interest received		15		55	
Net cash used in investing activities			<u>(24,946)</u>		<u>(4,497)</u>
Financing activities					
Proceeds from bank loans		85,000		5,000	
Repayment of loans		(57,175)		(6,000)	
Payment of finance leases obligations		(10,500)		(9,345)	
Movement on directors loan account		(2,592)		(2,640)	
Net cash generated from/(used in) financing activities			<u>14,733</u>		<u>(12,985)</u>
Net increase in cash and cash equivalents			<u>13,357</u>		<u>7,400</u>
Cash and cash equivalents at beginning of year			<u>27,189</u>		<u>19,789</u>
Cash and cash equivalents at end of year	21		<u><u>40,546</u></u>		<u><u>27,189</u></u>

1 Accounting policies

Company information

F M Conway Limited ("the Company") and its subsidiaries (together "the Group") are a leading Infrastructure Services provider.

The Company is a private company limited by shares and incorporated in England and Wales. The address of the registered office is Conway House, Vestry Road, Sevenoaks, Kent, TN14 5EL.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000s.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The parent company has also taken advantage of the exemption in s408 Companies Act 2006 from presenting its individual profit and loss account and related notes.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see Note 2).

1.2 Going concern

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

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements include financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the result of associates and joint ventures made up to the balance sheet date.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group has less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which gives it control of the financial and operating policies of the entity, it accounts for the entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated financial statements, interests in joint ventures and associates are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transactions costs) and is subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the Group's share of the profit and loss and other comprehensive income of the joint venture and associate. Goodwill arising on the acquisition of joint ventures or associates is accounted for with the policy as set out in note 1.5 Business combinations and goodwill. In the consolidated balance sheet, the interests in associated undertakings and joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised balance of goodwill.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

1 Accounting policies (continued)

1.4 Turnover

Turnover arises from the performance of construction contracts and asphalt sales. Turnover from asphalt sales is recognised at the point of dispatch from the asphalt plants along with the corresponding cost of sales. Where turnover arises from the outcome of construction contracts and the construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is assessed by reference to the proportion of the contract costs incurred for the work performed to date relative to the estimated total costs, except where this would not be representative of the stage of completion. The attributable profit is recognised in the consolidated statement of comprehensive income as the difference between reported turnover and related costs for that contract.

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

Variations and claims are included in revenue where it is considered probable that the amount, which can be measured reliably, will be recovered from the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred where it is considered likely those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

1.5 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the aggregate of the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued by the acquirer plus the costs directly attributable to the business combination. Where control is achieved following a series of transactions, the cost of business combination is the aggregate of the fair values of the assets given, liabilities assumed and equity instruments issued by the acquirer at the date of each transaction in the series.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

1 Accounting policies (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its expected useful life which is estimated to be seven to ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the consolidated statement of comprehensive income. No reversals of impairment are recognised.

Amortisation is charged to 'administrative expenses' in the consolidated statement of comprehensive income.

1.6 Intangible fixed assets other than goodwill

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Patents and licences	7 to 10 years
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Amortisation is included in 'administrative expenses' in the consolidated statement of comprehensive income. The assets are reviewed for impairment when there are indicators of impairment and any impairment is charged to the consolidated statement of comprehensive income.

1.7 Tangible fixed assets

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

Land, which is included in land and buildings, is not depreciated. No depreciation is charged on assets under construction for own use until they have been completed, at which point the cost is transferred to the relevant fixed asset category and depreciated in line with the categories policy. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their useful lives, using either the straight-line or reducing balance method. Details of the estimated useful lives of the assets and depreciation rates used are as follows:

Land and buildings	2% on cost on a straight line basis
Plant and machinery	20% reducing balance and 7 to 15 years straight line
Technology, fixtures and fittings	15% reducing balance and 3 to 5 years straight line
Motor vehicles	20% reducing balance and 7 years straight line

1 Accounting policies (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in either cost of sales or administrative expenses in the consolidated statement of comprehensive income, depending on the use of the asset.

1.8 Fixed assets impairment

At each balance sheet date, non financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less cost of to sell and value in use. Value in use is defined as the present value of the future cash flow before interest and tax obtained as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

1 Accounting policies (continued)

1.9 Fixed asset investments

Investments in subsidiary companies

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

In the financial statements of the Company, investments in subsidiaries are held at cost less accumulated impairment losses.

Investments in associates

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

In the financial statements of the Company, investments in associates are held at cost less accumulated impairment losses.

Investments in joint ventures

An entity is treated as a joint venture where the Company is a party to a contractual agreement with one or more parties from outside the Company to undertake an economic activity that is subject to joint control.

In the financial statements of the Company, investments in joint ventures are held at cost less accumulated impairment losses.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

1 Accounting policies (continued)

1.11 Cash at bank and in hand

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

1.12 Financial instruments

The Group has chosen to adopt Sections 11 'Basic financial instruments' and 12 'Other financial instruments' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the consolidated statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Amounts recoverable on contracts

Construction work in progress, being either accrued or deferred income, is stated at cost plus profit recognised to date less a provision for foreseeable losses and less amounts invoiced and is included in amounts recoverable on long term contracts. Costs include all expenditure related directly to specific projects and an appropriate allocation of fixed and variable overheads incurred in the Group's contracting activities based on normal operating capacity.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated statement of comprehensive income.

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Classification of financial liabilities

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

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Changes in the fair value of derivatives are recognised in the consolidated statement of comprehensive income under finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

1 Accounting policies (continued)

Offsetting

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

1.13 Share capital

Ordinary shares are classified as equity.

1.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred tax 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. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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 the 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 period end and that are expected to apply to the reversal of the timing difference.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

1 Accounting policies (continued)

1.15 Provisions and contingencies

Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Provisions are not made for future losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote or they are both quantitatively and qualitatively immaterial.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable and where they are quantitatively and qualitatively material.

1.16 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

1 Accounting policies (continued)

Defined contribution plan

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

1.17 Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Rentals payable under operating leases, including any lease incentives received, are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the consolidated statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

1 Accounting policies (continued)

1.18 Government grants

Government grants, including non-monetary grants, are not recognised until there is reasonable assurance that:

- The Group will comply with the conditions attached to them, and
- The grant will be received.

The Group has elected to account for Government grants using the accrual model. Under the accrual model, the Group classifies government grants as either relating to revenue or assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which the Group recognises the related cost for which the grant is intended to compensate. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the related assets.

1.19 Foreign currency

Functional and presentation currency

The Group's consolidated financial statements are presented in pounds sterling and rounded to the nearest thousand.

The Group's functional and presentation currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'interest receivable/payable'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'administrative expenses'.

1.20 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1 Accounting policies (continued)

1.21 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 consolidated statement of changes in equity.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

- Intangible patents and licences represent the value of the planning permission of the acquired asphalt plants and the associated goodwill and licences arising on acquisition and give up of subsidiaries. The cost is amortised over their useful lives, which are considered to be the duration of the leases on the associated properties.

Key sources of estimation uncertainty

The directors have determined that the key sources of estimation uncertainty are as follows:

Stage of completion on long term contracts

In determining the amounts of income and profits on long-term contracts to be recognised in the financial year, factors such as costs incurred to date, estimated costs to complete, risks associated with the contract and past experience of similar contracts are considered.

Tangible fixed assets

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

Patents and licences

Patents and licences represent the value of the planning permission of the required asphalt plants and the associated goodwill arising on acquisition and give up of subsidiaries. The cost is amortised over their useful lives, which are considered to be the duration of the leases on the associated properties.

Goodwill arising from the acquisition of Toppesfield Limited

The acquisition complements the Group expansion in its aggregate and asphalt business and provides Toppesfield Limited with confidence in its supply chain. Goodwill is amortised over 10 years. The recoverable amount has been tested with reference to three year forecasts discounted at the Group estimated weighted average cost of capital.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

3 Turnover and other revenue

	2021 £'000s	2020 £'000s
Turnover analysed by class of business		
Contract revenue	252,159	243,352
Sale of goods	86,019	82,319
	<u>338,178</u>	<u>325,671</u>
Turnover analysed by geographical market		
United Kingdom	<u>338,178</u>	<u>325,671</u>

4 Other income

	2021 £'000s	2020 £'000s
Profit on disposal of lease right	4,646	-
Coronavirus Job Retention Scheme grant income	2,464	-
Research and development credits	454	-
Sundry income	-	195
	<u>7,564</u>	<u>195</u>

Profit on disposal of lease right

During the year, the Group surrendered its right as lessee in connection with a land lease, and in return received a settlement with a fair value of £4,646k. This comprised of £1,346k cash settlement and reversionary freehold interests measured at their fair value of £3,300k.

Coronavirus Job Retention Scheme grant income

Coronavirus Job Retention Scheme grant income relates to the reimbursement of furloughed employee costs included in administrative expenses and cost of sales. All amounts were received in cash during the year.

The Group contributed a top up payment to 80% for those on furlough leave over the brief time it was used and incurred the full costs thereafter without making further grant claims thereafter.

Research and development credits

The Group invests in research and development in new technologies and operational processes as part of its day to day operations. The amount represents tax credits received with regard to costs incurred by the Group in respect of research and development activities.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

5 Operating profit

	2021	2020
	£'000s	£'000s
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets (Note 14)	5,359	3,435
Depreciation of tangible fixed assets held under finance leases (Note 14)	4,163	6,177
(Profit)/loss on disposal of tangible fixed assets	(49)	526
Amortisation of intangible assets (Note 13)	7,732	7,397
Operating lease charges	2,215	2,419
Impairment loss for stocks	761	376
Impairment loss for bad or doubtful trade debtors	1,067	338
Government grants (Note 4)	(2,464)	-
Profit on disposal of lease right (Note 4)	(4,646)	-
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2021	2020
	£'000s	£'000s
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Group and Company	87	75
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	20	15
All other non-audit services	3	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

7 Employees

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

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Directors, Management and Administration	758	630	670	630
Labour	1,181	1,038	1,008	1,038
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	1,939	1,668	1,678	1,668
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

7 Employees (continued)

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Wages and salaries	72,593	70,426	72,047	70,426
Social security costs	8,685	7,442	7,826	7,442
Pension costs	5,444	4,201	5,411	4,201
	<u>86,722</u>	<u>82,069</u>	<u>85,284</u>	<u>82,069</u>

8 Directors' remuneration

	2021	2020
	£'000s	£'000s
Remuneration for qualifying services	1,576	1,300
Company pension contributions to defined contribution schemes	10	39
	<u>1,586</u>	<u>1,339</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2).

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

	2021	2020
	£'000s	£'000s
Remuneration for qualifying services	568	315
Company pension contributions to defined contribution schemes	-	30
	<u>568</u>	<u>345</u>

The directors are considered to be the key management personnel of the Group.

9 Interest receivable and similar income

	2021	2020
	£'000s	£'000s
Interest income		
Other interest income	15	55
	<u>15</u>	<u>55</u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

10 Interest payable and similar expenses

	2021	2020
	£'000s	£'000s
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,330	1,943
Interest on finance leases and hire purchase contracts	322	480
Foreign exchange loss/(gain)	161	(91)
	<u> </u>	<u> </u>
Total finance costs	1,813	2,332
	<u> </u>	<u> </u>

11 Taxation

	2021	2020
	£'000s	£'000s
Current tax		
UK corporation tax on profits for the current period	5,239	4,237
Adjustments in respect of prior periods	110	177
	<u> </u>	<u> </u>
Total current tax	5,349	4,414
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(860)	(932)
Adjustment in respect of prior periods	733	1,014
	<u> </u>	<u> </u>
Total deferred tax	(127)	82
	<u> </u>	<u> </u>
Total tax charge	5,222	4,496
	<u> </u>	<u> </u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

11 Taxation (continued)

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

	2021 £'000s	2020 £'000s
Profit before taxation	19,845	12,655
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	3,771	2,405
Tax effect of expenses that are not deductible in determining taxable profit	51	67
Tax effect of income not taxable in determining taxable profit	(250)	-
Permanent capital allowances in excess of depreciation	1,555	723
Capital (losses) / gains	(748)	1,360
Under/(over) provided in prior years	843	(59)
Taxation charge	5,222	4,496

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £1,493k, to increase the deferred tax liability by £1,493k.

12 Dividends

	2021 £'000s	2020 £'000s
Recognised as distributions to equity holders:		
Interim paid	2,500	2,250

The dividends are initially paid into the director's loan account from where they are settled in cash. This is reflected as the movement on the director's loan account in the statement of cash flows.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

13 Intangible fixed assets

Group	Goodwill	Patents and licences	Total
	£'000s	£'000s	£'000s
Cost			
At 1 April 2020	30,710	32,676	63,386
Acquisitions (Note 32)	40,194	-	40,194
At 31 March 2021	70,904	32,676	103,580
Amortisation and impairment			
At 1 April 2020	10,697	12,071	22,768
Amortisation charged for the year	3,795	3,937	7,732
At 31 March 2021	14,492	16,008	30,500
Carrying amount			
At 31 March 2021	56,412	16,668	73,080
At 31 March 2020	20,013	20,605	40,618
Company	Goodwill	Patents and licences	Total
	£'000s	£'000s	£'000s
Cost			
At 1 April 2020 and 31 March 2021	30,710	32,676	63,386
Amortisation and impairment			
At 1 April 2020	10,697	12,071	22,768
Amortisation charged for the year	3,460	3,937	7,397
At 31 March 2021	14,157	16,008	30,165
Carrying amount			
At 31 March 2021	16,553	16,668	33,221
At 31 March 2020	20,013	20,605	40,618

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

14 Tangible fixed assets

Group	Land and buildings	Assets under construction	Plant and machinery	Technology, fixtures and fittings	Motor vehicles	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
At 1 April 2020	43,409	9,690	60,784	8,539	27,773	150,195
Additions	3,312	2,423	1,247	114	487	7,583
Acquisitions (Note 32)	541	-	7,740	129	3,341	11,751
Disposals	-	-	(835)	(1)	(1,954)	(2,790)
Transfers	994	(11,404)	10,293	117	-	-
At 31 March 2021	48,256	709	79,229	8,898	29,647	166,739
Depreciation and impairment						
At 1 April 2020	2,139	-	30,756	7,689	14,574	55,158
Depreciation charged in the year	413	-	5,652	459	2,998	9,522
Eliminated in respect of disposals	-	-	(567)	-	(1,580)	(2,147)
At 31 March 2021	2,552	-	35,841	8,148	15,992	62,533
Carrying amount						
At 31 March 2021	45,704	709	43,388	750	13,655	104,206
At 31 March 2020	41,270	9,690	30,028	850	13,199	95,037

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

14 Tangible fixed assets (continued)

Company	Land and buildings	Assets under construction	Plant and machinery	Technology, fixtures and fittings	Motor vehicles	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
At 1 April 2020	43,409	9,690	60,784	8,539	27,773	150,195
Additions	3,312	2,423	904	114	487	7,240
Disposals	-	-	(830)	-	(1,954)	(2,784)
Transfers	994	(11,404)	10,293	117	-	-
At 31 March 2021	47,715	709	71,151	8,770	26,306	154,651
Depreciation and impairment						
At 1 April 2020	2,139	-	30,756	7,689	14,574	55,158
Depreciation charged in the year	413	-	5,550	453	2,915	9,331
Eliminated in respect of disposals	-	-	(567)	-	(1,580)	(2,147)
At 31 March 2021	2,552	-	35,739	8,142	15,909	62,342
Carrying amount						
At 31 March 2021	45,163	709	35,412	628	10,397	92,309
At 31 March 2020	41,270	9,690	30,028	850	13,199	95,037

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

	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Plant and machinery	25,545	15,597	20,573	15,597
Motor vehicles	7,908	12,183	6,677	12,183
	33,453	27,780	27,250	27,780

In the prior year, assets under construction principally related to the construction of the Newhaven asphalt plant, which became operational in May 2020.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

15 Fixed asset investments

	Notes	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Investments in subsidiaries	16	-	-	53,124	251
Investments in associates	17	797	10,431	797	11,433
Investments in joint ventures	18	69	69	-	-
		<u>866</u>	<u>10,500</u>	<u>53,921</u>	<u>11,684</u>

The movements on the Group's investments are disclosed in the notes referenced above.

Movements in fixed asset investments

Company	Subsidiaries £'000s	Associates £'000s	Total £'000s
Cost or valuation			
At 1 April 2020	251	11,433	11,684
Additions	41,440	797	42,237
Transfers on obtaining control (Note 32)	11,433	(11,433)	-
At 31 March 2021	<u>53,124</u>	<u>797</u>	<u>53,921</u>
Carrying amount			
At 31 March 2021	<u>53,124</u>	<u>797</u>	<u>53,921</u>
At 31 March 2020	<u>251</u>	<u>11,433</u>	<u>11,684</u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

16 Subsidiaries

Details of the Company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
United Construction Materials Limited	Dormant	Ordinary	100
United Concrete Limited	Dormant	Ordinary	100
United Asphalt Limited	Dormant	Ordinary	100
United Asphalt Contracting Limited	Dormant	Ordinary	100
United Asphalt (Theale) Limited	Dormant	Ordinary	100
United Asphalt (Croydon) Limited	Dormant	Ordinary	100
The London Paving Company Limited	Dormant	Ordinary	100
Heathrow Asphalt Limited	Dormant	Ordinary	100
Hawbury Cleansing Limited	Dormant	Ordinary	100
Hampshire Macadams Limited	Dormant	Ordinary	100
F.M. Conway Building and Maintenance Limited	Dormant	Ordinary	100
Berkshire Macadams Limited	Dormant	Ordinary	100
4 Vector Limited	Dormant	Ordinary	100
Toppesfield Limited	Road surfacing	Ordinary	100

The registered office address for all subsidiaries is Conway House, Vestry Road, Sevenoaks, TN14 5EL except for Toppesfield Limited whose registered office is Unit12, Hillview Business Park, Old Ipswich Road, Claydon, Ipswich, Suffolk, IP6 0AJ. All subsidiaries are registered in England and Wales.

All subsidiaries are included in the consolidation.

17 Associates

	Map16 £'000s	Toppesfield £'000s	Total £'000s
At 1 April 2020	-	10,431	10,431
Share of operating profits	-	1,991	1,991
Amortisation of implicit goodwill	-	(962)	(962)
Dividends received	-	(161)	(161)
Transfer on acquisition of control	-	(11,299)	(11,299)
Additions	797	-	797
At 31 March 2021	<u>797</u>	<u>-</u>	<u>797</u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

17 Associates (continued)

Prior to 1 March 2021, the Group held a 30.77% shareholding in Toppesfield Limited ('Toppesfield'), whose nature of business is road surfacing and whose registered office is disclosed in Note 16.

On 1 March 2021, the Group acquired the remaining shares (69.23%) in Toppesfield Limited. The Group now hold 100% of the issued shares of Toppesfield Limited. As from the effective date of acquisition, Toppesfield Limited is considered to be a wholly owned subsidiary of the Group by virtue of control through majority share ownership (see Note 32).

On 19 March 2021, the Group acquired 40% of the issued shares in Map16 Asset Management Limited ('Map16'), whose nature of business is IT consultancy and whose registered office is 4 Hunters Way, Stroud, GL5 4UL.

18 Joint ventures

	Group 2021 £'000s	2020 £'000s
At 1 April 2020	69	113
Share of joint venture's profit	-	(44)
	<u>69</u>	<u>69</u>
At 31 March 2021	<u>69</u>	<u>69</u>

Details of joint ventures at 31 March 2021 are as follows:

Name of undertaking	Registered office	Interest held	% Held Direct
Conway Aecom Limited	England and Wales	Ordinary	50

The registered office of Conway Aecom Limited is Conway House, Vestry Road, Sevenoaks, Kent, England, TN14 5EL. The financial year is coterminous with that of the Group.

19 Stocks

	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Raw materials and consumables	6,809	6,660	6,652	6,660
	<u>6,809</u>	<u>6,660</u>	<u>6,652</u>	<u>6,660</u>

There is no significant difference between the replacement costs of stocks and their carrying amount.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

20 Debtors

	Group		Company	
	2021	2020	2021	2020
Amounts falling due within one year:	£'000s	£'000s	£'000s	£'000s
Trade debtors	35,818	31,681	32,411	31,681
Amounts recoverable on contracts	25,958	26,110	18,012	26,110
Corporation tax recoverable	-	-	280	-
Amounts owed by Group undertakings	-	-	4,913	-
Amounts owed by undertakings in which the Company has a participating interest	6,224	8,837	6,224	8,837
Other debtors	205	128	95	128
Prepayments and accrued income	6,966	3,196	4,991	3,196
	<u>75,171</u>	<u>69,952</u>	<u>66,926</u>	<u>69,952</u>

The amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

21 Cash at bank and in hand

	Group		Company	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Cash on hand and on demand bank deposit	36,169	27,189	26,650	27,189
Restricted cash	4,377	-	4,377	-
	<u>40,546</u>	<u>27,189</u>	<u>31,027</u>	<u>27,189</u>

Restricted cash represents cash not immediately available to the Group and the Company and includes £1.5m held in a project bank account and £2.9m held in a 32 day notice deposit account.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

22 Creditors: amounts falling due within one year

	Notes	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Bank loans and overdrafts	24	6,000	6,000	6,000	6,000
Obligations under finance leases	25	7,264	9,033	5,553	9,033
Payments received on account		26,651	28,754	26,571	28,754
Trade creditors		21,490	16,771	11,754	16,771
Amounts owed to Group undertakings		-	-	251	251
Amounts owed to undertakings in which the Group has a participating interest		-	53	-	53
Corporation tax payable		237	510	-	510
Other taxation and social security		8,246	11,490	8,436	11,490
Other creditors		2,291	1,022	2,682	1,022
Accruals		28,899	20,968	25,405	20,968
		<u>101,078</u>	<u>94,601</u>	<u>86,652</u>	<u>94,852</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

23 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Bank loans and overdrafts	24	79,000	51,174	79,000	51,174
Obligations under finance leases	25	6,147	10,352	4,887	10,352
Deferred consideration	26	7,216	-	7,216	-
		<u>92,363</u>	<u>61,526</u>	<u>91,103</u>	<u>61,526</u>

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

24 Loans and overdrafts

	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Bank loans	85,000	57,174	85,000	57,174
Payable within one year	6,000	6,000	6,000	6,000
Payable after one year	79,000	51,174	79,000	51,174

On 26 February 2021, the Group successfully refinanced its Term Loan and Revolving Credit Facility (RCF) with its relationship banks in advance of acquiring the remaining shares in Toppesfield Limited. The Term facility was increased to £55.0m (2020: £27.2m) and the £30.0m RCF (which was fully drawn at 31 March 2021 and 31 March 2020) was renewed. The facilities are committed for 3 years, with two additional one-year optional extensions, and accrue interest monthly at 2.584% plus the Sterling Overnight Index Average rate. The RCF attracts a 40% non-utilisation charge on interest payable on undrawn committed amounts. The facilities are secured by way of fixed and floating charges over the assets of the Group.

25 Finance lease obligations

	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Future minimum lease payments due under finance leases:				
Within one year	7,264	9,033	5,553	9,033
In two to five years	6,147	10,352	4,887	10,352
	13,411	19,385	10,440	19,385

The finance leases primarily relate to manufacturing, transportation and construction equipment used in the Group's operations.

Finance lease obligations are secured against the assets to which they relate.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

26 Deferred consideration

	Notes	Company 2021 £'000s	2020 £'000s	Group 2021 £'000s	2020 £'000s
Deferred consideration	32	7,216	-	7,216	-

Deferred consideration relates to the purchase of the remaining shares of Toppesfield Limited and is interest free, payable on 1 April 2022 and not contingent on future events. The amount has not been discounted as the effect is immaterial.

27 Provisions for liabilities

	Group 2021 £'000s	2020 £'000s	Company 2021 £'000s	2020 £'000s
Insurance and warranties	1,868	1,220	1,868	1,220

Movements on provisions:

Group and Company	Insurance and warranties £'000s
At 1 April 2020	1,220
Charged to the consolidated statement of comprehensive income	1,770
Utilisation of provision	(1,122)
At 31 March 2021	1,868

Provisions are held until utilised or such times as further claims are considered unlikely under the respective insurance policies or warranties.

A re-classification in the comparatives of £1,220k from accruals to provisions has been made following a re-assessment of the nature of the provisions.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

28 Deferred taxation

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

	Liabilities 2021 £'000s	Liabilities 2020 £'000s
Group		
Accelerated capital allowances	1,504	877
Short-term timing differences	(105)	(120)
Separable intangible assets	3,167	3,503
Capital gains	1,868	1,671
	<u>6,434</u>	<u>5,931</u>
	Liabilities 2021 £'000s	Liabilities 2020 £'000s
Company		
Accelerated capital allowances	883	877
Short-term timing differences	(89)	(120)
Separable intangible assets	3,167	3,503
Capital gains	1,868	1,671
	<u>5,829</u>	<u>5,931</u>
	Group 2021 £'000s	Company 2021 £'000s
Movements in the year:		
Liability at 1 April 2020	5,931	5,931
Credit to profit or loss	(127)	(102)
Acquisitions (Note 32)	630	-
	<u>6,434</u>	<u>5,829</u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

29 Retirement benefit schemes

	2021	2020
	£'000s	£'000s
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	5,444	4,201

Defined contribution pension schemes are operated for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds. Outstanding contributions at the balance sheet date amounted to £418k (2020: £336k) and are included in other creditors.

30 Share capital

	2021	2020	2021	2020
	Number	Number	£'000s	£'000s
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10	10

31 Reserves

Revaluation reserve

Prior to the transition to FRS 102, the Group held certain tangible fixed assets, being its freehold recycling facilities, at revaluation under FRS 15. Gains above depreciated historical cost arising on the revaluation have been recorded within this reserve. This reserve is not distributable except to the extent that the gain has been realised through subsequent depreciation or sale of the associated assets.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

32 Acquisition of a business

On 19 September 2017, the Group initially acquired a 30.77% equity stake in Toppesfield Limited - a leading surfacing contractor.

On 1 March 2021, the Group acquired all the remaining shares (69.23%) in Toppesfield Limited and it became a wholly owned subsidiary of the Group.

The Toppesfield acquisition complements the Group's expansion in its aggregate and asphalt business and provides Toppesfield with confidence in its supply chain.

	Book Value	Adjustments	Fair Value
	£'000s	£'000s	£'000s
Net assets acquired			
Tangible fixed assets (a)	11,782	(31)	11,751
Inventories	157	-	157
Trade and other debtors (b)	10,575	(719)	9,856
Trade and other creditors (c)	(16,037)	(88)	(16,125)
Obligations under finance leases	(3,189)	-	(3,189)
Deferred tax liabilities	(630)	-	(630)
Cash and cash equivalents	10,858	-	10,858
	<u>13,516</u>	<u>(838)</u>	<u>12,678</u>
Goodwill			40,194
Total consideration			<u>52,872</u>
			<u>52,872</u>
The consideration was satisfied by:			£'000s
Cash			33,738
Deferred consideration (Note 26)			7,216
Directly attributable costs			485
Consideration from initial acquisition of associate (Note 15)			11,433
			<u>52,872</u>
			<u>52,872</u>

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

32 Acquisition of a business (continued)

The amounts disclosed in the statement of cash flows are as follows:	£'000s
Cash consideration	33,738
Directly attributable costs	485
	<u>34,223</u>
Less cash and cash equivalents acquired	(10,858)
Net cash outflow	<u><u>23,365</u></u>

The fair value adjustments arising were in respect of the following:

- (a) Acceleration of depreciation on certain tangible assets in line with Group accounting policies
- (b) Work in progress measurement in conformity with Group accounting policies
- (c) Alignment of employee holiday pay accruals in line with Group accounting policies

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£'000s
Turnover	10,057
Profit after tax	667
	<u><u> </u></u>

33 Financial commitments, guarantees and contingent liabilities

The Group and Parent Company have contingent liabilities of a normal trading nature in respect of guarantees provided by a number of issuers relating to bonds with an aggregate value of £5,342k (2020: £5,378k).

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

34 Operating lease commitments

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Within one year	4,673	4,063	4,579	4,063
Between two and five years	9,836	9,940	9,784	9,940
In over five years	10,170	11,601	10,170	11,601
	<u>24,679</u>	<u>25,604</u>	<u>24,533</u>	<u>25,604</u>

35 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Contracted for but not provided in these financial statements - tangible fixed assets	<u>1,410</u>	<u>1,943</u>	<u>1,235</u>	<u>1,943</u>

There are no capital commitments in relation to joint ventures and associates.

The Group and the Company have no other off balance sheet arrangements.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

36 Related party transactions

Entities over which the entity has control, joint control or significant influence

As disclosed in notes 17 and 18 to the financial statements, the Company exercises joint control or significant influence over Conway Aecom Limited and up to the date control was achieved, Toppesfield Limited. Transactions with these related parties and balances outstanding at the reporting date all arose in the ordinary course of business and are under ordinary commercial terms.

Other related parties

At 31 March 2021 the Company owed M J Conway £80k (2020: £172k) on an interest free and unsecured director's loan account. M J Conway is a director and shareholder of the Company and amounts owed on the director's loan account are included within creditors due within one year.

Transactions with related parties

During the year the Group entered into the following transactions with related parties of the Company:

	Sales		Purchases	
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Group				
Entities over which the Group has control, joint control or significant influence	51,465	70,401	304	5,822
	<u>51,465</u>	<u>70,401</u>	<u>304</u>	<u>5,822</u>
Company				
Entities over which the Company has control, joint control or significant influence	53,637	70,401	304	5,822
	<u>53,637</u>	<u>70,401</u>	<u>304</u>	<u>5,822</u>
			Management charges receivable	
			2021	2020
			£'000s	£'000s
Group				
Entities over which the Group has control, joint control or significant influence			447	464
			<u>447</u>	<u>464</u>
Company				
Entities over which the Company has control, joint control or significant influence			447	464
			<u>447</u>	<u>464</u>

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2021

36 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2020
	£'000s	£'000s
Group		
Entities over which the Group has control, joint control or significant influence (Note 20)	6,224	8,837
	<u> </u>	<u> </u>
Company		
Entities over which the Company has control, joint control or significant influence (Note 20)	11,137	8,837
	<u> </u>	<u> </u>

37 Ultimate controlling party

The ultimate controlling party is Mr M J Conway by virtue of his shareholding and directorship in the parent company, F M Conway Limited.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2021

38 Cash generated from group operations

	2021 £'000s	2020 £'000s
Profit for the year after tax	14,623	8,159
Adjustments for:		
Share of results of associates and joint ventures	(1,029)	(33)
Taxation charged	5,222	4,496
Interest expense	1,652	2,423
Interest income	(15)	(55)
(Gain)/loss on disposal of tangible fixed assets	(49)	526
Profit on disposal of lease right	(4,646)	-
Foreign exchange losses/(gain)	161	(91)
Amortisation and impairment of intangible assets	7,732	7,397
Depreciation and impairment of tangible fixed assets	9,522	9,612
(Increase) in stocks	(149)	(747)
(Increase)/decrease in debtors	(3,769)	4,422
Increase/(decrease) in creditors	2,136	(5,876)
Cash generated from operations	31,391	30,233

39 Analysis of changes in net debt - Group

	1 April 2020 £'000s	Cash flows £'000s	Acquisitions £'000s	New finance leases £'000s	31 March 2021 £'000s
Cash at bank and in hand	27,189	2,499	10,858	-	40,546
Borrowings excluding overdrafts	(57,174)	(27,826)	-	-	(85,000)
Obligations under finance leases	(19,385)	10,500	(3,189)	(1,337)	(13,411)
Deferred consideration	-	-	(7,216)	-	(7,216)
	<u>(49,370)</u>	<u>(14,827)</u>	<u>453</u>	<u>(1,337)</u>	<u>(65,081)</u>