REGISTERED NUMBER: 02181671 (England and Wales)

Annual Report and Financial Statements for the year ended 31 December 2021

for

Buckingham Group Contracting Limited

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2021 Performance highlights

Corporate responsibility	Sustainable growth	Financial
Employee Ownership Company shares transferred to new 'EOT' & new management	Outlook is that **2023 Sales will exceed £700 million** with 2022 turnover set to mirror 2021 levels	**£665 million** Record Turnover in 2021 14% Annual Growth
Sustainability Rating **Ecovadis Gold Standard** Strong ESG Credentials	Repeat business **84% of 2021 workload** Reflects good customer service	Cash at Bank Dec' 2021 **£77 million cash** Highlights financial health after a challenging trading year
38 new Apprentices and entry level staff in the year	Order book at 1 January 2022 **£1,080 million** A strong forward order book	Strong Underlying Performance **1.8% Underlying Margin** High performing Core Business
3,875 weeks completed by Apprentices in 2021 **16,400** hours dedicated to health & safety training	**Seamless development of Company Board** Long term succession plan implemented in 2021 with continuity for all Stakeholders	**ZERO gearing** No use of credit facilities
Waste **21,149** tonnes recovered or recycled – **99%** of all waste		

Contents of the report and financial statements for the year ended 31st December 2021

1.0 Company information

DIRECTORS:	Mr T J Brown Mr M T Kempley Mr I M McSeveney Mr S D Walkley Mr A S Kerr Mr R M Plant Mr K Underwood – Resigned 02 September 2021 Mr P W Wheeler - Resigned 02 September 2021 Mrs P J Wheeler – Resigned 02 September 2021
SECRETARY:	Mrs P J Wheeler – Resigned 02 September 2021
REGISTERED OFFICE:	Black Pit Farm Silverstone Road Stowe Buckingham Buckinghamshire MK18 5LJ
REGISTERED NUMBER:	02181671 (England and Wales)
AUDITOR:	Mazars LLP Chartered Accountants and Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

The Directors present their report and financial statements of the Company for the year ended 31st December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of a civil engineering and building contractor including demolition, land remediation and railway engineering projects in the UK.

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2.0 Strategic Report

2.1: 2021 – The move to an EOT: A watershed year
When we reflect upon 2021, the Directors report that the most significant single event for the Company was the execution of a well-planned transition to Employee Ownership, carried out under the 2014 legislation.

Whilst this form of share transfer facilitated a seamless transition for our key stakeholders, the carefully planned change marked a significant watershed in the evolving ownership of Buckingham Group Contracting (Buckingham). On 2nd September 2021 the then owner-directors, along with other minority shareholders, transferred 100% of their equity into the newly established Buckingham Group Employee Ownership Trust (the EOT).

At the same time, Founder Directors Paul Wheeler (former Chairman) and Patricia Wheeler, and long-standing Group Stadia Director and partner Kevin Underwood all retired from the Board.

Fellow long-term partners Mike Kempley (formerly Chief Executive) and Tim Brown (formerly Chief Operating Officer) moved into the respective roles of Chairman and Deputy Chairman. Established Executive Directors who complete the succeeding Leadership team are:

- Ian McSeveney – Group Managing Director
- Simon Walkley – Deputy Managing Director
- Andrew Kerr – Group Finance Director
- Richard Plant – Group Commercial Director

In keeping with the intentions of the EOT legislation, a long-term incentive scheme for the new management team was also considered as a key part of the succession plan. In December 2021 these four Directors and six other senior managers made a significant personal investment in 'M3' long term Growth Shares which together now represent 35% of the overall ownership, with 65% retained by the Employee Ownership Trust.

The Trust is represented by a Corporate Trustee, BGC Trustee Ltd, led by Russell Field as Independent Chairman. The Trustee Board also comprises two member directors balanced with two employee directors.

Having utilised a prudent level of retained profits to enable the Trust to pay an initial consideration for the shareholdings, the balance of the agreed share value will be funded, in an affordable manner, from future ongoing trading profits. No further payments have yet been made since the initial transaction.

Both the new management team and the vendors are excited about the future under Employee Ownership and remain significantly motivated, financially, and emotionally, by the long-term success of the business. Importantly, the 'deferred consideration' remaining due from the Trust to share vendors is not a Company debt, cannot be 'called in', and carries no interest premium.

As well as providing employees continuity and a stake in the business, the EOT also provides the opportunity to share in profits and to enjoy added tax benefits from the long-established staff profit-share scheme.

The Company remains active in all our established operating sectors, with success founded on long term respectful relationships maintained with our regular clients and suppliers. The majority of workload is repeat business for this core of high-quality customers, with repeat orders representing 84% of the new contracts awarded in 2021.

By continuing to refine and deliver our 'Net Zero by 40' carbon reduction programme, develop market diversity and deploy our significant resources flexibly, the Board believes that Buckingham Group can deliver sustainable turnover at the profitability levels we experienced over the six years to 2020.

This will maintain the platform for the reputation of the business to be enhanced and for each of our highly valued staff to develop and thrive under the exciting new umbrella of employee ownership.

2.2 Financial Summary - 2021

Record Turnover
The £665 million of sales in 2021 represents a new record high for the Company with 14% annual growth from 2020. Measured over the past three years, the annualised growth (including inflation) is 9.5%, at the upper end of the Board's 5-10% medium-term target.

This latest increase in sales, to a level set to be repeated in 2022, and a projected £725 million turnover in 2023 provides further evidence of the strength and depth of Buckingham. The determination of our staff and managers, combined with the diverse range of operations and our repeat business customers, have underpinned this continued organic growth. From the inception of the business, this has been achieved without any mergers or acquisitions.

Strong Underlying Profit Performance
The Directors are very pleased to report a strong underlying performance of 1.8% profit margin in 2021 that reflects excellent delivery and positive commercial outcomes across all, except one, of Buckingham's primary operating sectors.

As Table 1 describes, a combination of Covid-19 cost impacts across the business and a significant exceptional loss in 2021 on one large stadium contract, have regrettably depressed overall performance. In parallel with the critical failure of a major subcontractor, the deterioration in the commercial performance of this one contract became more marked from late 2021 through the first half of 2022. However, the anticipated final loss on this contract, priced and planned pre-pandemic, is fully recognised in these 2021 results. This outlying contract was also the subject of considerable client change; the account remains live and is the subject of ongoing negotiations.

In overall terms, by also accounting for a one-off cost in moving to employee ownership, three non-recurring items have resulted in what is only the second annual pre-tax loss in the past 22 years of trading, with a net loss of £7.6 million after tax. To provide the correct perspective on this disappointing 2021 financial result, this unexpected and uncharacteristic loss follows five consecutive years of positive trading results, that collectively yielded a pre-tax profit of £57 million.

Table 1 – Financial Highlights - 2021 Results

Measure	2021	2020
Turnover	£665m	£584m
Aggregate annual sales growth over 3 years	9.5%	11%
Underlying Profit *1	£11.9m	£13.9m
Underlying Profit Margin *1	1.8%	2.4%
Pre-tax (Loss) / Profit	(£10.7m)	£8.6m
Post-tax (Loss) / Profit	(£7.6m)	£6.9m
Cash at bank	£77m	£90m
Loan debt / Use of Overdraft	Nil	Nil
Forward order book (From January 2022/2021)	£1,080m	£1,030m

Note *1 –Adjustments to Underlying Profit:
The Underlying Profit figure for 2021 excludes the following three adjustments, totalling £22.6 million. The Directors consider these matters to be exceptional, and to a significant extent, constitute non-recurring one-off events:

1. A deficit of £14.2 million in 2021 in respect of a single significant stadium contract. More than 50% of this annual contract loss relates to the very significant cost impact caused by the financial failure of a major and critical subcontractor. This supplier ultimately entered voluntary liquidation in February 2022. The contract, which has also been subject to a significant degree of client change, is now substantially completed but is the subject of ongoing contractual negotiations.

2. The assessed margin impact of Covid-19 across the whole business of £7.4 million in 2021 (£5.3m in 2020), including the cost of unrecoverable project delay impacts.

3. The one-off expenditure for the transition to EOT ownership amounted to £1.0 million in 2021 including for a celebration staff bonus payment.

Financial overview

Financing the business

Many years of sustained balance sheet growth, and modest dividend distributions in the three years to 2021 all provided the necessary financial strength to both proceed with the prudent initial EOT transaction in Summer 2021, and to then absorb the unexpected post tax loss of £7.6m in the year.

Further distributions to the Employee Ownership Trust for onward transfer to former shareholders are at the Company board's complete discretion and will only be made subject to a prudent view of forward cashflow.

Despite the outturn pre-tax loss in 2021, the year-end cash at bank position was a robust £77 million. Underlining the strength of the company's finances, as at October 2022, the business has now traded for more than six successive years without utilising its overdraft or any bank credit facility.

In recognition of the growing scale of Buckingham's operations and the challenging macro-economic climate, the Board has recently satisfied its long-held funding objective of securing an increased strategic borrowing facility of £20 million to support its growth plans and accommodate future working capital fluctuations.

Ethical trading approach

The Company generally contracts with its key subcontractors on favourable 28-day to 45-day payment terms, or less for smaller organisations. Additionally, the Company does not experience any challenges with supplier credit or availability.

The Directors continue to drive a culture of early resolution of issues. Our senior managers are encouraged to settle supplier and client accounts, wherever possible, whilst their contracts remain live.

Covid-19 Margin Impacts in 2021

The significant rise in Covid-19 cases in early 2021 led to the third 'National Lockdown' in England between January and March, with extended restrictions in place until late June. Similarly, 'Plan B' restrictions were implemented by the Government in December 2021.

Whilst the Company's site procedures had been very successfully and safely adapted through 2020 to manage the Covid challenge, the third lockdown period that followed soon after similar restrictions in November and December 2020, had a more severe impact on resource availability.

This was not just while the lockdowns were in place, but also after the lifting of restrictions and the broadened vaccination programme, when levels of UK construction activity jumped. Material supplies tightened further and there was a marked deterioration in the ability of our specialist subcontractors to secure internal trades such as mechanical and electrical fitters, and partition wall and cladding operatives. These activities have historically relied to an extent on mobile specialist workforces that operate across the UK.

The Pandemic also triggered a reduction in the available workforce, with ONS evidence suggesting that many European based construction workers did not return to the UK after the 2020 Christmas break. Furthermore, travelling crews were particularly vulnerable to transmission of the more virulent 'Kent Variant' strain of Covid in early 2021, and the 'Omicrom Variant' later in the year.

In parallel, material supply was also significantly disrupted throughout 2021, with supply shortages leading to sharp price increases and delayed delivery for many products through the year.

The Company's longer running fixed price contracts, tendered, and planned before the pandemic, were most at risk.

Several larger multi-disciplinary construction sites in the Sports and Leisure and Building sectors were more adversely impacted by these circumstances than external civil engineering projects and shorter duration contracts priced and planned after March 2020. The more severe restrictions imposed in Wales, which extended into May 2021, had a particularly adverse impact upon the major Swansea Arena project.

In summary, we estimate that the aggregate margin contribution in 2021 was reduced by circa £7.4m or 1.1% for a variety of Covid related factors, including:

- The unpriced cost of additional site office and welfare space, PPE, and testing kits on long duration projects
- The cost and time implications of inefficient working and reduced activity overlaps, especially where confined construction spaces were involved.
- Increased cost of trade suppliers for the reasons outlined above
- Material shortages and the resulting price inflation
- Delays to projects for the same reasons, leading to increases in unrecoverable site preliminaries expenditure in certain instances

It should be noted that many contracts undertaken in 2021 were entered into after March 2020. These projects and some contracts of a cost reimbursable nature were naturally less affected by these factors.

This enabled the majority of the business to perform in line with budget targets in 2021, which is a credit to our teams across the whole business.

2.3 Future Prospects

Availability and Diversity of Future Work

The business has a secured forward order book amounting to a record £1.1 billion from January 2022.

With this foundation in place, the Board also remains justifiably very confident in the opportunity 'pipeline' of known and identified available future construction projects across our core markets.

Reflecting the Company's growing reputation and considerable business development efforts, this pipeline has expanded in the year by £2 billion and currently amounts to more than of £8 billion of opportunities.

Of this, £1.9 billion of opportunity value is currently either being tendered, or negotiated, or has already been bid, with the list including several 'preferred bidder' positions. As the sector reports highlight, we continue to successfully develop a broad diversity of work-type and customers within each operating sector.

The Company's 'pipeline' is monitored through a carefully managed secure database. This critical business tool provides an overview of the future direction of the company and supports corporate and operational sector planning and forecasting.

A healthy diversity of the Company's operations is deliberately designed, and managed, to protect the business from rapid fluctuations in our core markets.

Driving this approach our Business Development team works closely with the Board and sector directors to review future opportunities and define key targets for market expansion and diversification.

Confidence in Work Volumes for 2022-2023
The Company's record forward order book at this stage of £1.1 billion reflects the continued growth in contracts for larger scale projects.

Sales in 2022 are set to mirror 2021 at circa £665 million, before exceeding £700 million in 2023 through further controlled growth. Contracts already secured account for 100% and 51% of total anticipated workload in 2022 and 2023 respectively, and as the subsequent sector reports highlight, trading remains positive in each of the Company's operating areas.

A significant proportion of our immediate two years of workload is derived from Buckingham Group's prominent position in the large-scale industrial logistics sector. This remains a core market for the business, supporting both our civil engineering and building capabilities, and with demolition and rail links often involved.

Our principal customers in this market continue to forecast strong demand for storage and manufacturing facilities. The impacts of Brexit and Covid-19 have been compounded by the conflict in Ukraine and have each served to highlight the over reliance on global supply chains. Despite the current economic headwinds, it is evident that the UK retail and manufacturing sectors require increasing distribution and factory space.

In addition to high outputs in logistics-based schemes, the business is engaged with substantial public sector funded work undertaken predominantly by the HS2 and Rail sectors.
Our core Civil Engineering division also continues to deliver a proportion of publicly funded work alongside logistics, while also servicing the housing market by undertaking major earthworks and infrastructure.

Having grown rapidly in recent years and delivered several impressive new facilities, our Sports and Leisure sector workload is reducing as a proportion of total Company sales with a lower volume of large-scale schemes in progress. This will provide the strengthened management team the time to settle one or two key accounts while maintaining a healthy level of sector activity, ECI work and tendering.

Returning to Profit
Trading and pricing tenders has been extremely challenging for the whole construction industry through 2022, with exaggerated market volatility. We have experienced major increases in energy, material, labour, fuel, and plant prices for directly managed works, as well as subcontract price increases for the same underlying reasons.

Tracking this high inflation has been a vital part of Buckingham's risk management strategy ensuring we are minimising exposure to these increases during our tendering and award process as well as catering for the shortages of materials and labour that would impact the delivery programmes.

Throughout this continuing period of exaggerated market volatility, the Company has enhanced what were already robust Risk Management procedures.

In parallel with the market and client expectations, a markedly more cautious approach has been taken to price fixity and tender validity, inflation risk and programme.

Our customers have in most instances fully understood the situation and have sought to engage with us and our key supply chain at an early stage to review options and mitigate risk.

For the handful of longer-term projects and the many contracts secured before the Ukraine conflict, mitigating measures have been implemented where necessary, for example:

- Earlier and closer supply chain engagement
- Identifying impending material increases
- Early procurement and stockpiling of material
- Adapting designs to minimise overall cost and programme impact where specific techniques or products are particularly scarce or unaffordable
- Reviewing heavy plant selection given the far more dominant cost impact of fuel efficiency

Approximately 25% of company workload is currently undertaken on a cost reimbursable or formal shared risk basis, with this approach being more prevalent on Public Sector work. This has naturally helped to shield these contracts from significant inflationary impacts.

The remainder of sales, in particular in the privately funded space, are essentially undertaken on a Fixed Price basis, albeit with a growing element of negotiated contracts with defined, shared or excluded risk on inflation.

The relatively short 45-week typical duration of an industrial sector project is also helping us manage the fast-changing impacts of inflation and supply in 2022.

However, with more than 80% of 2022 logistics projects in contract by the time that the Ukraine conflict commenced, there will inevitably be an adverse impact on 2022 margins.

Looking ahead to 2023, where prices for 90% of 'fixed price' secured industrial workload were settled since March 2022, margin risks are consequently better protected.

Set to this background, the Board has set a moderated medium-term objective, to achieve 2.25% net profit before returning to the 3%, and better, level.

2.4 Core Sector Operations Review

2.4.1 Building

Performance Measures	
2021 Turnover	**£260 m**
Repeat business (2021 awards)	**93%**
Forward order book *(From 1st Jan 2022)*	**£418 m**

2021 Delivery The successful completion of key logistics projects for repeat business customers, enabled the building team to deliver sector sales of £260 million in 2021.

Evidence of the team's success is the Company's position as one of Amazon's General Contractors (GC). By continually enhancing our service levels for this key customer, the target is to secure several directly allocated projects over the coming two years and beyond as well as tender opportunities for smaller warehouses, logistics hubs and data centres. Buckingham also benefits from the continued procurement of other Amazon projects through a core of long-term developer customers.

Examples of other repeat business projects undertaken or secured during 2021 include:

- Warehouse projects across England for long-term customer Panattoni
- Logistics contracts for Prologis, a core client throughout the past 25 years
- Further industrial facilities at Doncaster iPort for repeat customer Verdion
- Follow on fit out works for Wren Kitchens at the new manufacturing facility in Barton on Humber

Throughout 2021, the Build sector effectively managed numerous challenges. This included inflationary price increases, supply chain resource uncertainty, increased lead-in periods and ongoing Covid–19 consequential controls and cost impacts. In meeting these challenges our teams delivered a solid performance over the year, gaining positive recognition from several clients for the delivery controls and standards.

Strategy
In the face of economic headwinds, Buckingham's core markets remain buoyant providing opportunities for business continuity and growth.

The challenges created by Brexit and Covid-19 constraints are now compounded by the more significant inflationary pressures. In addressing these impacts, we continue to maintain our focus on essential business processes including:

- Close Client and Supply chain relationships, with the sharing of best practice for delivery, and avoiding unwelcome inflation driven surprises
- Pre-allocation of supply chain and suppliers earlier within bid and project delivery
- Forward planning of resource availability and recruitment needs for growth

The Company's breadth of capability, ranging from demolition and remediation, directly executed earthworks, major civil engineering and then building, provides our customers with the full turnkey contracting service that many of them find invaluable.

By reinforcing an approach of continual improvement, in particular in our Net Zero offer, we seek to retain a leading position in the logistics market.

2022 - 2023 Outlook
Robust forward orders for industrial work with a further increase in average project values, underpins our growth plans for the Build sector through 2022 and 2023. Despite the disruptive impacts of the crisis in Ukraine, that has escalated costs and extended project timescales, sustained logistics market investment remains evident across the Company's operating regions, justifying this primary focus for the short to medium term.

Meanwhile, our investment in diversification and our nimble approach to new contract opportunities is designed to support a sustainable long-term future for the Company's Building division.

2.4.2 Civil Engineering

Performance Measures	
2021 Turnover	**£126 m**
Repeat business (2021 awards)	**70%**
Forward order book *(From 1st Jan 2022)*	**£197m**

2021 Delivery
The Civil Engineering sector has delivered a valuable contribution to overall Company performance. This has been achieved through repeat business, diversification of clients and projects, and continued Integrated Team contracts.

The team continues to strengthen its reputation and market position in highways, lorry parks/heavy duty pavements and bulk earthworks. Through 2021, a significant volume of work was undertaken in conjunction with other internal sector teams. Our teams delivered several major multi-disciplinary logistics contracts. This includes successful work for Segro, Prologis, Panattoni, and Wren.

A particular highlight was the final approval from the Environment Agency of our method of treatment of waste materials at Gateway South. This was a key project milestone that enabled bulk earthworks operations to start in earnest in March 2021.

Additionally, the sector has also broadened its client base during 2021 with new clients in both the public and private sectors including Tritax Symmetry and Swindon Borough Council.

Strategy
The current private sector workstream is continuing to offer a significant volume of opportunity and there are no indications that this will reduce in the short to medium term. However, we continue to identify and pursue strategic opportunities in the public sector, and we are actively targeting potential framework options.

The civils' team remains focussed upon consistency in project delivery. This is supported by continual improvement in ensuing the highest standards of quality in all areas from pre-construction to final handover and completion. Our strategic aim is the progressive enhancement of our corporate reputation and to maximise the financial benefits of 'right first time' project delivery

The civils sector has reinforced its design management team for pre-construction and project delivery. This is in recognition of the additional technical support required for the larger, more complex, schemes currently in construction.

2022 - 2023 Outlook
In 2022, major projects have commenced at:

- South Normanton for Panattoni
- Rugby for Urban and Civic and
- Chatterley Valley for Howarth Estates

These schemes, along with other projects with longer durations have expanded the secured turnover in 2022 and future years.

We anticipate that some of the good practice developed during the Covid-19 Pandemic will continue. This includes the provision of enhanced staff and welfare space on sites, which has proven to be invaluable for both briefings and an improved space for staff and workforce to enjoy during breaks.

The identified pipeline of civils work remains strong in 2022/2023. The 2022 sales target is set at £135 million.

2.4.3 HS2

Performance Measures	
2021 Turnover	£56m
Repeat business (2021 awards)	100%
Forward order book *(From 1st Jan 2021)*	£129m

2021 Delivery
Our HS2 sector, in its second year as a distinct operating division, started to provide a welcome return on the significant investment made over several years, and contributed positively to overall business performance. Our project teams continued to innovate and work diligently to meet both Covid-19 and HS2 procedures. Following the award of additional work, the outturn annual volume was 25% above target in 2021.

Continued success was achieved through a focused approach to work winning and building long-term strategic relationships. Strong leadership, contract negotiation, and effective risk management by our high-quality team has ensured consistency in both pre-construction and project delivery. This has enhanced our reputation and market position as a key player with, both, HS2 and the 'Tier 1' Contractors.

Secured in 2021, two key contracts at EKFB North Calvert and at EWR Phase 2, are now under construction and performing well. This has allowed the sector to establish a consolidated project strategy through the self-delivery of a significant proportion the works.

Strategy
The HS2 scheme is an ideal fit with the Company's long-standing capabilities. As the Phase 1 Enabling Works contracts have been completed, efforts have been concentrated on working with the Phase 1 Main Works Tier 1 Contractors who continue to finalise the design and packaging strategies. Our dedicated pre-construction team was expanded further during 2021 and concentrates upon securing a robust opportunity pipeline, landing more contracts through 2022, and exploring other potential complementary Strategic Projects.

The generation of additional workload is balanced with maintaining, and enhancing, the level of high-quality resources. Key elements of the strategy include the continued enhancement of quality, health and safety, and project execution planning. This is supported by robust cost control, consistent project delivery and effective risk management. The HS2 team has worked collaboratively with Buckingham Plant Hire to advance plant technology, secure and train quality plant operatives and enhance plant health and safety practices.

2022 - 2023 Outlook
Securing the £110 million North Calvert project has provided the sector with a solid workload over a three-year period. The identified pipeline is continually enhanced through potential opportunities. The team will build and strengthen key relations with HS2 and Tier 1 contractors and target a number of key complementary Strategic Project opportunities. Additionally, vital partnerships have been established with Tier 1 Contractors on projects such as HS2 Phase 2a, and the Rail Systems Depots providing opportunities beyond 2023.

The 2022 sales target is £50 million, which is work already secured. Turnover is likely to remain steady in 2023 as we continue to target larger scale HS2 packages as key contract opportunities move from design into construction phases.

2.4.4 Rail Industry

Performance Measures	
2021 Turnover	**£92m**
Repeat business (2021 awards)	**91%**
Forward order book *(From 1st Jan 2022)*	**£176m**

2021 Delivery
2021 started with significant contract awards of the £55 million Metro Flow project for Nexus in Newcastle, and the £26 million Beckton Northern Sidings for Docklands Light Railway. The year concluded with the award of the Willenhall & Darlaston Stations project for the West Midlands Combined Authority.

At Leeds Station, the team continued to successfully manage and deliver complex blockade works as well as the consistent high-quality construction of important platform extensions.

At Euston Station we have been praised by the client for the safe and efficient delivery of the ramps to Platform 8-11. Good progress was made at Coventry Station which was then opened in March 2022.

The Pandemic continued to affect delivery with increased lead-in times and increased material costs. This was compounded by the significant schemes such as HS2 and Hinckley Point C increasing demands on skills and resources. Reduced Government funding for Network Rail enhancement projects has prolonged the period from inception to delivery. The trend towards more procurement through Local Authorities generated a shift in our marketing approach.

Strategy
Buckingham remains a key player in the rail infrastructure market. Our visible pipeline of rail sector opportunities remains strong, and our pre-construction teams remain extremely busy. Our continued strategy to maintain diversity through contracts for Train Operators, Local Authorities, and new clients such as DLR, has countered the historic reliance upon Network Rail workload.

Long term frameworks for enhancement schemes have supported our ability to successfully service both Network Rail and a range of new regional rail customers, covering enhancements to stations, depots, and infrastructure. Our current Network Rail Frameworks in the Midlands and Northwest have been extended to March 2024.

2022 - 2023 Outlook
Despite reduced passenger flow, resulting from Covid-19, the Government continues to invest in the railway network, and communicate plans to re-open selected old routes, construct new stations and enhance infrastructure.

A key target is the Network Rail, CP7 Frameworks where procurement activity will run into 2023. These will generally be 5-year frameworks with a potential 5-year extension. The momentum behind net carbon zero should also see electrification schemes return to prominence. The Company plays a significant part in Network Rail's delivery model for the £78 million funded Wigan to Bolton electrification scheme. This is an important project for us to deliver successfully whilst embracing Network Rail's 'MVP', Minimum Viable Product, initiative.

Other key contracts for Network Rail include Headbolt Lane Station in Liverpool, and the Mersey Travel & Greater Manchester Platform Extensions. We also continue to expand in the Northeast starting with delivery of the £60m "Metro Flow" project for Nexus.

In the Midlands, we have secured new contracts at Etches Park Depot and new contracts with WMCA and East Midlands Trains. We have also secured a place on the Station Modifications and Infrastructure Enhancements Framework for Transport for Wales.

In the South, with improving visibility of Network Rail future opportunities, we are negotiating additional development works at Euston Station and pursuing a range of station related projects.

2.4.5 Sports & Leisure

Performance Measures	
2021 Turnover	**£120 m**
Repeat business (2021 awards)	**66%**
Forward order book *(From 1st Jan 2021)*	**£150 m**

2021 Delivery

Through 2021, despite the ongoing impacts of the pandemic, and supported by diversification initiatives, the Sports and Leisure team has been successful in delivering and winning more high-quality contracts. The business has continued to enhance its reputation and the following contracts underline Buckingham Group's position as a leading contractor in the UK sports and leisure market.

- Completion of the One Oval Square project for Surrey County Cricket club
- Completion of the extension to Brighton & Hove Albion's elite training facility
- Substantial progress on both the Riverside Stand for Fulham FC, and Swansea Central Arena mixed-use scheme
- Award of Anfield Road Stand expansion for Liverpool FC
- Award of a David Lloyd Leisure Centre in Bicester
- Award of Lee Valley Ice Centre

Strategy

The team's core focus remains the design and construction of high-profile Sports Stadia, Arenas, and Leisure projects. Our strategy of diversification is based on wider high-usage sports and leisure projects. This is underpinned by a focus on developing strategic relationships with selected Leisure operators using our innovative approaches to the design and engineering processes, leading to early contractor engagement. In many instances, this yields a role as trusted advisors to a client project team from an early stage. This approach is designed to create a sustainable workload of significant projects, in a potentially unpredictable market sector.

2022 - 2023 Outlook

As outlined earlier in this report, the impact of Covid-19 restrictions and inflationary pressures on intensive long duration projects, combined with some isolated but significant technical challenges severely impacted the sector's overall financial performance during 2021.

Our work winning and senior management sector teams have been strengthened during the past 18 months, and the Board is confident that this will provide the necessary improvement in control of both live and future projects.

Buckingham Group is retained by a range of clients in the sector as their preferred construction partner. This includes several football and rugby clubs, and arena operators, who are all seeking to secure new or enhanced facilities. Following on from the award in late 2021 of the £10 million David Lloyd Leisure project at Bicester, we commenced 2022 by securing the £33 million West Drayton Leisure Centre and a second David Lloyd project in Rugby.

The highly experienced sports and leisure team is focussed on the quality of our offering and enhancing our reputation as a leading contractor in the sector.

The pipeline of leisure project opportunities remains robust, and we are confident that our strategies can provide a stable and sustainable workload.

2.4.6 Demolition and Land Restoration

Performance Measures	
2021 Turnover	**£10 m**
Repeat business (2021 awards)	**100%**
Forward order book *(From 1st Jan 2022)*	**£13 m**

2021 Delivery
The division experienced an upsurge of work in the logistics market in 2021 with projects at Basingstoke and Aylesford and a Highways infrastructure scheme at Slough, all for key customer, Panattoni.

This provided the mainstay of turnover in 2021, replacing workload from the brewing and aeronautical engineering sectors which had represented the core of turnover for seven years prior to the Covid pandemic in 2020.

The Aylesford contract entailed not only demolition works, including a rail bridge lift out in a 36-hour possession, but also the breaking out and processing of reinforced concrete which was subsequently processed into over 300,000 tonnes of class 6F2 and type I subbase materials. These products are now set to be used in the shed and infrastructure contracts in lieu of imported stone products, creating considerable cost and carbon savings.

During the year a significant demolition contract was priced for a secure public sector facility which should see the company undertaking this contract and potential further additions for a number of years. The initial value of this project is £3.5m with commencement planned for early 2022.

During the year the division also reinforced its position with Forterra Building Products and now undertakes all UK demolition works for this organisation. Small projects were also undertaken for Molson Coors at Burton.

In addition, the division has undertaken numerous demolition projects for the railways, building, HS2 and sports and leisure divisions including providing early-stage methodology and programme inputs

Strategy
The strategy remains to steadily diversify a select external client base, without becoming a general demolition contractor, whilst generating ongoing construction opportunities for our other business sectors. At the same time, the in-house expertise remains strategically important to the business and adds significant value across all sectors.

2022 - 2023 Outlook
2022 should see a return to our more traditional core clients with significant demolition works recommencing in a large aeronautical facility in Derby and a brewery site in Burton on Trent.
Intensive deconstruction works are also set to be undertaken for the sports and leisure sector at Liverpool's Anfield Stadium during the 2022 World Cup period.

Turnover has still been depressed as a consequence of Covid restrictions and Capex tightening impacting key clients, but there should be a small increase in turnover in 2022 and significantly expanded opportunities in 2023 and beyond.

Land Restoration Services
The restoration arm which undertakes the final restoration of landfills and quarries using waste products from the utilities sector completed two long running projects at Colnbrook and Studley and commenced works at Skelton Grange and Meece.

2.5 Staff Engagement Summary 2021

Both 2020 and 2021 were of course challenging years for face-to-face staff engagement. However, Directors and senior managers ensured they undertook Covid-safe site visits throughout the period of Covid restrictions, ensuring that our project teams felt fully supported. The Board make it a priority to communicate openly and frequently with all stakeholders, and in particular our employees throughout the Pandemic period.

Announcing the EOT Change
A major and important communication in the year was made when the Company moved into employee ownership. The Directors were pleased to share a lot of detail, explaining the key reasons and mechanics behind this major change, and highlighting the continuity for all stakeholders, and the benefits for all of our new Employee - Owners.

Face to Face Forums
As well as written updates and local visits and meetings, the Directors were delighted that a reduction in Covid infection levels enabled us to resume a programme of full day 'Forums' in October 2021, that spanned the 2021-22 Winter period.

This enabled all staff to attend a day of two-way engagement with the Board and Senior Managers. Employees received updates on business performance and strategy, a briefing on the EOT and were able to have their questions answered. They also contributed their views and ideas on a range of business improvement areas.

With our people in the business naturally dispersed across several offices, 35 or more live sites and home working, a major benefit of the Forums is the opportunity to meet and be re-acquainted with fellow staff, creating common understanding and bringing the Company closer together. Feedback from our staff, especially those joining us from other organisations was very positive.

People Hub and Newsletters
Looking ahead into 2022, communications have been further improved through various media including a new internal 'People Hub' which is a single point of information that includes everything our employees and line managers need to carry out their jobs successfully. Monthly 'MD Newsletters' have also been introduced, to keep our people up to date and engaged.

Management Conference
In November 2021, a sixth annual Management Conference was held where teams from operational sectors presented their comprehensive plans for 2022-2023 to the Board and senior colleagues. Central services teams similarly followed on the second day. These vital sessions cement our common goals and set benchmark targets for the year ahead.

Staff Reward Scheme and Remuneration
The board operates a very long-established policy of sharing a proportion of company profits by means of a clearly communicated, structured staff bonus scheme. The scheme includes a definitive link to outturn profit and from 2021 it encompasses the tax benefits available to employees as a consequence of EOT legislation.

Despite the eventual financial loss reported in 2021, two rounds of bonus payments were made to our employees:

- A £1,000 tax free celebration bonus when the Company became employee owned
- A profit related Bonus in November 2021 at a stage when a positive profit result was being forecast. This is the first year when the final results have reversed so sharply from this stage

Across the five calendar years 2017 to 2021, the total expenditure on Bonus payments to employees, excluding to Directors, is approaching £12 million. In recent years, we have enhanced the level of Company input into the defined contribution Group Pension Scheme for our staff, and the Board has made further enhancements to holiday entitlement and other staff benefits, including the provision of a Group Income Protection Scheme.

2.6 Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company are as follows:

Macro-Economic Impacts
The UK construction market is inevitably affected when the performance of the economy declines. The historic, inherent, diversity of the Company's activities combined with a strategic increase in diversification of clients and markets protects the business in times of macro-economic decline.

Unforeseen Contract Risks and Losses
Operating on relatively tight profit margins, the construction industry is prone to the impact of unforeseen events and the losses that can ensue on individual projects, or more widely in the case of risks such as weather and supply chain pressures.

As noted at 2.4, a key factor in countering this risk is through a business model that results in numerous individual contracts of an aggregate current average value of circa £22 million, and typical duration of 45 weeks.

Furthermore, the Company has a strong and long-established in-house, work-winning resource including detailed estimating processes, legal and risk management specialists, planning and design management teams along with robust tender price sign off procedures.

At contract stage this is complimented by a thorough contract review process that results in a full sector and business performance review on a monthly basis raising early warnings of any significant issues. This approach facilitates timely and targeted management action where required.

Cash Flow and Liquidity Risk
Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the Company.

As already set out within this report the critical policy to counteract this risk has been to retain a significant level of historic profits rather than releasing this cash in the form of Dividends.

In addition to this the Company has secured substantial long-term facilities and manages cash flow by careful negotiation of terms with customers and suppliers to maintain available funds to meet its liabilities as they fall due.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

The Company has a large customer base of varying size and risk which covers a significant geographical area and therefore minimises the impact should a debtor default on its terms.

Inflation risk – refer also to Section 2.4
Contract financial performance is subject to unforeseen supply chain price increases. To identify these risks, the Company continuously monitors forward supply chain prices through dialogue with suppliers and sub-contractors. Where risks are not mitigated through cost reimbursable forms of contract or fixed with the supply chain at the start of a contract, allowances and price increase mechanisms are factored into contract agreements.

2.7 Section 172 Statement

Section 172 of the Companies Act 2006 requires each director to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders.

In doing this, the director must have regard, amongst other matters, to:
- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers, and others
- The impact of the Company's operations on the community and the environment
- The Company's reputation for high standards of business conduct; and
- The need to act fairly, as between members of the Company

The directors have complied with these requirements.

Details of the Board's decisions in 2021 to promote long-term success of the business, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout the strategic report.

Details of staff engagement are set out above in Section 2.5

The Company's approach to managing relationships with customers, suppliers and others is set out in Section 2.2 above and the Corporate Responsibility Report, which can be found in Section 3 of the Annual report.

Section 3 sets out the Company's corporate social responsibility policy including the current transition to adopt the globally recognised Environment, Social, Governance (ESG) approach and its commitment to the environment, sustainability matters and engagement with the wider community.

The Company's policy on governance and corporate ethics is described in Section 3.5 'People', (see page 30).

Approval of the Strategic Report

This Strategic Report was approved by the Board and signed on its behalf by:

Mr M T Kempley
Chairman

Date: 9th December 2022

3.0 Sustainable, Responsible, Business Report

3.1 Introduction

Buckingham is committed to being a responsible, sustainable company. Our sustainability performance and achievements are evidenced by the fact that, in 2022, we were awarded a gold medal (2021, silver medal) via the Ecovadis Sustainability Ratings system.

Supported by the implementation/delivery of our Carbon Net Zero action plan, 'Zero by 2040', 2022's rating is a 16.6% improvement over 2021's result:

- Our score was 70% (2021 60%)
- We are in the 96th Percentile (2021 86th percentile) of similar companies within the global scoring system

Ecovadis, Silver Medal 2021 and Gold Medal 2022

Corporate Approach to ESG

With the support of the Board of Directors we are in the process of transitioning from a Corporate Social Responsibility approach to a new sustainability approach aligned with Environmental, Social and Governance (ESG) principles.

In recognition of the fact that, 'People are our most important asset', a fourth pillar, People, is added to our ESG approach.

Our ESGP approach, and the materially important aspects of our business, are summarised in the following graphic:

3.2 Environment

High Level Objective

Buckingham will be a responsible, sustainable business that delivers its **NetZero40** target. Our operations will be delivered to the highest standards of environmental stewardship, with positive environmental impacts, respecting biodiversity, minimising waste, reducing fuel and energy use, and maximising recycling and recovery to assure the protection of natural resources.

Planet Mark

Confirming this ongoing commitment to reduce CO2 emissions the Company has secured Planet Mark Accreditation for 13 consecutive years (2008 to 2021 inclusive).

Our 2021 certification supports our commitment to continuous improvement in sustainably. Our goal is the further reduction of our carbon emissions, per employee, by 19% through 2022.

Buckingham is ISO14001:2015 certified.

Additionally, to demonstrate compliance with the Energy Savings Opportunity Scheme (ESOS), we have, since October 2015, maintained our ISO 50001:2018 certification. To retain this certification, we proactively manage energy use and implement measures to reduce energy use and CO_2 emissions.

3.2.1 Minimising Waste, Maximising Recovery, Re-use and Recycling

Maximising the re-use and recycling of waste materials, thereby diverting waste from landfill remains a key priority for the business.

As shown in the following graph, through 2021:

- 19,663.84 Tonnes of waste was recycled
- 1,485.38 Tonnes of waste was recovered

Collectively this represents, an impressive, 99% of waste being diverted from landfill

3.2.2 Reducing GHG Emissions - Carbon Reduction Plan

In compliance with The Cabinet Office's Procurement Policy Action Note PPN06/21 Buckingham has developed and published our formal Carbon Reduction Plan Rev.2 dated 17.09.22.

The Carbon Reduction Plan is available on our web site, via a link from the Home Page.

3.2.3 Reducing GHG Emissions - Net Zero by 2040 (NetZero40)

Buckingham is a signatory to the 'Business Ambition Pledge', to reach net zero carbon emissions by 2050 at the latest, in order to limit global warming to 1.50^{C}. In compliance with the requirements of the pledge Science Based Targets will be developed and registered before the end of 2022.

In establishing our high-level strategy, we have taken cognisance of both, the UK Government's net zero by 2050 goal and the targets defined and described by a number of our major customers.

The targets outlined in the graphic below:

- Have market credibility as robust, challenging goals and, importantly, are in line with the targets and goals defined by key customers
- Exceed the minimum thresholds (interim 2035 target) required to achieve the UK's national 2050 net zero goal as well as the UN's Race to Zero
- Are well aligned to the Buckingham Group ethos of delivering on its promises in a pragmatic and realistic way
- Are ambitious, but realistic, allowing Buckingham Group the benefit of moving to new technologies once they are reasonably well established, proven and costs have reduced

Buckingham Target: Net Zero Carbon by 2040

The carbon reductions shown in the preceding graphic are taken against the 2020 baseline measures.

Through 2021 we have implemented the Planet Mark's 'Zeroby30' net zero carbon programme proprietary methodology to develop a 'Net Zero Carbon Strategy into Action' programme. This programme has established a roadmap and identified key initiatives, that are being implemented now, to achieve the net zero carbon goal by the target dates.

'Zeroby30' is a business transformation advisory service that fast-tracks the creation of a holistic, actionable, and commercially viable roadmap to define how an organisation can reach net zero emissions by a specific date.

3.2.4 Reducing GHG Emissions - Streamlined Energy and Carbon Reporting (SECR)

Introduction

Buckingham's SECR Report for the 2021 financial year (01.01.21 to 31.12.21) has been produced in compliance with:

- The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations
- 2018 HM Government's Environmental Reporting Guidelines

Buckingham Group Contracting Ltd - Streamlined Energy and Carbon Report 2021

Date created:	18th May 2022
Report prepared by:	▪ Joanne Rowley, Sustainability Consultant ▪ Matthew Sumners, Senior Sustainability Consultant
Statement:	Buckingham Group Contracting Ltd was responsible for the collection of activity and qualitative energy efficiency actions data. The figures in this report relating to emissions, energy consumption and intensity ratios have been calculated by the Planet Mark using the data provided.
Reporting period:	1st January 2021 – 31st December 2021
Emission sources:	Electricity, Other Fuels, Waste, Paper Procurement, Transmission and Distribution losses, Vehicle Fleet Travel, Grey Fleet
Methodology:	GHG Protocol Corporate Accounting and Reporting Standard, EMA SECR Methodology June 2019, Planet Mark code of practice, HM Government Environmental Reporting Guidelines
Organisation boundary:	UK Operations

Organisation details	
Company name:	Buckingham Group Contracting Ltd
Organisation boundary:	UK operations
Address:	Buckingham Group Contracting Ltd Silverstone Road, Stowe, Buckingham, MK18 5LJ
Company contact name:	Nick Smith; Director Net Zero 40

			1 January 2020 - 31 December 2020			1 January 2021 - 31 December 2021		
Source	Scope	Unit	Amount	Amount (kWh)	Total Emissions (tCO_2e)	Amount	Amount (kWh)	Total Emissions (tCO_2e)
Building								
Electricity (location based)	2	kWh	769,490.1	769,490.1	179.4	312,250.9	312,250.9	66.3
T&D losses	3	kWh	769,490.1		15.4	312,250.9		5.9
Other Fuel	1	litres	8,696,251.7	87,802,708.0	23,974.9	8,956,078.8	90,156,479.7	24,670.9
Waste								
Landfill	3	tonnes	499.7		71.2	293.4		78.8
Recycled	3	tonnes	14,785.4		161.6	19,674.4		274.9
Energy from waste	3	tonnes	1,271.9		27.1	1,485.6		31.6
Compost	3	tonnes	46.4		0.5	-		-
Fleet Travel								
Vehicle - fleet - diesel	1	litres	817,932.2	8,144,968.8	2,082.5	758,718.1	7,574,283.1	1,906.2
Vehicle - fleet - petrol	1	litres	124,568.8	1,117,631.5	270.1	139,337.1	1,261,558.1	305.6
Vehicle - fleet - diesel - km	1	km	32,798.4	23,529.9	6.0	181,614.8	120,273.0	30.2
Vehicle - fleet - petrol - km	1	km	5,283.5	3,820.9	0.9	42,066.4	28,567.5	6.9
Vehicle - fleet - hybrid - km	1	km	-	-	-	124,322.0	59,982.8	14.8
Vehicle - fleet – PHEV - km	1	km	-	-	-	72,123.7	20,777.1	5.0
Vehicle - fleet – PHEV - km	2	km	-	-	-	72,123.7		1.5
Vehicle - fleet – PHEV - km	3	km	-	-	-	72,123.7		0.1
Business Travel								
Vehicle - non-fleet - unknown	3	km	727,105.2	502,655.1	124.6	-	-	-
Vehicle - non-fleet - petrol	3	km	267,294.3	188,175.5	45.4	527,403.3	350,776.2	84.8
Vehicle - non-fleet - diesel	3	km	287,321.0	172,657.5	44.1	582,923.7	363,355.3	91.2
Procurement								
Paper - primary content	3	tonnes	0.2		0.2	11.8		10.9
Paper - recycled content	3	tonnes	18.1		16.6	0.2		0.1
Total - Location based				**98,725,637.3**	**27,020.4**		**100,248,303.6**	**27,585.6**
Intensity Metric			**Total**	**Total tCO_2e**	**Intensity**	**Total**	**Total tCO_2e**	**Intensity**
Total per £1m turnover - location based			580	27,020.4	46.6	666	27,585.6	41.4
Intensity Metric - Per business activity			**Total**	**Total tCO_2e**	**Intensity**	**Total**	**Total tCO_2e**	**Intensity**
Head office operations - per employee			611	2,688.0	4.4	633	2,555.4	4.0
Site operations - per 1000 LAG hours			7,101	24,332.4	3.4	9,816	25,030.3	2.5
Reductions						**Comparison tCO2e**		**Reduction %**
Location based						-565.2		2

Energy Efficiency Actions

Buckingham Group Contracting Ltd (Buckingham) has successfully certified to The Planet Mark for the reporting period 1st January 2021 to 31st December 2021 which is Buckingham's thirteenth year of certification. The Planet Mark is a sustainability certification which recognises continuous improvements, encourages action, and builds an empowered community of like-minded individuals. Buckingham also made a commitment upon certification of The Planet Mark to achieve a minimum 2.5% reduction in their measured carbon footprint year on year. Through the Planet Mark Buckingham have taken action to protect one acre of rainforest with Cool Earth.

Buckingham accepts its environmental compliance obligations, and the company is committed to operating as a forward thinking, responsible construction company. As a company, Buckingham fully recognise the impact our operations can have on the environment and are aware of the associated risks and opportunities. Buckingham is committed to developing an environmentally sustainable approach to its activities to prevent pollution and minimise any impact that its operations may have on the environment. Resources and arrangements are in place to manage the environmental and sustainability aspects of its operations.

Buckingham is committed to being a responsible, sustainable company. Their sustainability performance and achievements are evidenced by the fact that, in 2021, they were awarded a silver medal via the Ecovadis Sustainability Ratings system followed by the award of a Gold Medal in early 2022.

Buckingham has a detailed environmental policy which is fundamental to its business strategy and by implementing this policy it strives to continually improve its ISO14001:2015 environmental management system. Buckingham has implemented an energy management system in line with the ISO 50001:2018 standard for the management of significant energy impacts associated with the provision of civil engineering, building construction, land remediation and earthwork services.

During the reporting period, Buckingham have continued to procure new low emissions vehicles to add to the fleet. The company is also continuously improving their own fleet replacing its vehicles every three years and utilising new technologies to reduce emissions with the current focus on zero emission electric vehicles. Plans are being implemented to introduce zero emission electric vehicles to the fleet through 2022.

Buckingham have also agreed to an innovative and collaborative cost sharing agreement with Urban&Civic for the additional cost of using one million litres of Hydrotreated Vegetable Oil (HVO) instead of diesel for the earthmoving at Priors Hall Park.

Buckingham engages its staff through ongoing coaching toolbox talks to continually educate employees on climate change and improve their environmental performance. This is carried out throughout the reporting year.

3.3 Social

High-Level Objective

Buckingham will maximise, and transparently report, the Social Value delivered by the company. We will invest the resources, to deliver positive benefits and a lasting community legacy. We will create a positive culture amongst our colleagues by complying with all applicable human, labour, and employment rights regulations and standards, enabling them to maximise local purchasing, and the recruitment, training, and development of local people.

3.3.1 Optimising Total Social Value Delivered

Buckingham's Social Value Strategy is, in line with our evolving ESGP approach, embraced within the newly defined 'Social' pillar. This allows us to define Social Value against a series of topics that are materially important to the company:

- Total Social Value Delivered
- Adherence to workplace and industry health and safety standards
- Contribution and impact on the communities we face

The overall results and total social value delivered through 2021 is summarised in the adjacent infographic.

By taking & promoting a sustainable approach to our works we retain an inherent flexibility in identifying, maximising, & passing on the available Social Value benefits to our clients & the communities in which we work.

Led by our Social Value Manager, we have, through 2021 retained our Corporate Partner relationship with the 'Social Value Portal' (SVP). SVP provide support in identifying & measuring the additional Social Value delivered through our projects (and our own business as the infographic below) in terms that is meaningful & relevant for, ourselves and, our customers. The Social Value for an individual project, or business, is developed using a bespoke, project specific, Social Value Calculator. The Social Value Calculator attaches a financial benefit to each initiative (Theme, Output & Measure (TOM)) that is based on government/official statistics & informed by their expertise in the field.

Additionally, 'Planet Mark' provide further verification of our Social Value results against the wider 'Sustainability' agenda

By taking & promoting a sustainable approach to our works we retain an inherent flexibility in identifying, maximising, & passing on the available Social Value benefits to our clients & the communities in which we work.

3.3.2 Adherence to Health and Safety Standards

The Board's overriding focus will always be Safety Performance and fulfilling our long-standing objective that Buckingham Group is widely recognised as a high performing contractor on Safety and Wellbeing.

We can report a very welcome continuation of the improvement in overall safety performance during 2021, as measured by key accident and incident frequency statistics.

The Accident Frequency Rate (AFR) averaged 0.01 through the year, down from an average of 0.03 during 2020.

Together with all our colleagues, the Board recognises that the dynamic construction industry and the site environment present sustained challenges of new people, methods, and suppliers.

We recognise that maintaining good safety performance requires unswerving vigilance and persistence in continually seeking to raise performance levels. We remain reassured that the positive incident statistics have been supported by excellent engagement levels and consistently robust ownership of safety outcomes amongst our staff and management teams.

As well as investing in significant dedicated safety management resources, refreshing our approach, and keeping training and coaching vibrant, is therefore a vital aspect of the Board's safety strategy. The Directors remain fully committed to retaining ISO 45001:2018 Certification and the continuous development and long-term success of "All Ways Safely" (AWS), the Company's Behavioural Safety Improvement Programme.

Our safety training embraces modern aids including virtual reality methods, and the Company's strong, professional, safety team is supported by our Safety Coaches and Occupational Health, Wellbeing and Mental Health programmes.

The long-standing programme, designed and managed in house, is delivered to drive continuous improvement in Health & Safety Performance.

3.3.3 Charitable and Benefit in Kind Donations

Buckingham is committed to helping as many individuals as possible within the local community and we therefore channel our gifts and financial support into local volunteer charities such as, local hospices, foodbanks, the Citizens Advice Bureau and other grass-roots charities which provide essential services, free legal advice and practical assistance to a very wide spectrum of citizens within our local communities.

Through 2021 charitable, cash, donations totalled £75,620.

For Social Value measures, as identified in our 2021 Social Value Report, the total contributions are recorded as £79,131. The increase is due to the inclusion of non-cash, benefit in kind donations, (Goods and Materials) to a range of local charities.

3.3.4 Voluntary Services

Through 2021 the company re-organised the way we work with our employees and connected colleagues, for the giving of our time, resources and money to deserving charitable causes with the following goals:

- To generate increased social value through our sites and offices
- Increase local economic benefits through staff voluntary commitments

The Board agreed that any Buckingham Employee who wishes to raise money or engage with the chosen local charity and needs some time off from working time to support their efforts will be supported by means of a half day of fully paid 'volunteering leave'

Example – Red Neighbours Christmas Dinner

Members of our Anfield Road Stand project team volunteered to support Liverpool Football Club to provide a Christmas Dinner for the local residents. The team served food and took part in the afternoon events. In addition to building rapport with the client, the real aim was to support the local community and befriend a number of the nearby elderly residents

3.3.5 Local Employment and Training

Wherever possible we seek to maximise local employment at our Head office, regional offices and on our projects. We work with our clients to understand the future needs of local people and local areas to ensure that the people we engage can be best equipped for future long-term employment. We are fully aware of the importance of our role, plus the support we receive from our Tier One/Two suppliers, in maximising opportunities for the training of young people and job creation for local people.

3.3.6 Positive Community Engagement

On each of our projects, we assess and minimise the environmental impact of our construction activities. We develop and implement a bespoke management plan for liaison and engagement with local communities. The plan explains how we will undertake the project and our efforts to minimise the impacts upon the local community.

Where we undertake activities in built up areas and where high impact works such as railway projects necessarily must be undertaken at nights and weekends, the company takes additional positive measures that are well received and appreciated by local residents.

Many of our sites register with the Considerate Constructors Scheme (CCS). This allows sites to be recognised for the work done that has a positive impact in the community. In 2021, 17 schemes registered with CCS with an average score of 40/50.

Many areas of our company activities involve engagement with the local communities, notwithstanding the difficulties presented by the Covid-19 Pandemic, the following example shows our team working really hard to maximise community engagement.

HS2 Chipping Warden Site

The project team were approached by a local resident who asked for support for a replacement bench on Main Street in the centre of Aston Le Walls village to commemorate the 75th centenary of WW2.

The team arranged for a memorial bench to be funded and supplied by Buckingham to Aston Le Walls Parish Council.

The bench was unveiled on the 2nd July 2021, at a ceremony that was attended by our Project Manager, and warmly welcomed by the local community group.

3.4 Governance

High-Level Objective

Buckingham will be trusted and respected by Clients, suppliers, employees, and stakeholders for our commitment to working ethically and exceeding compliance with all applicable legal and statutory requirements. We will apply the highest standards of Corporate Governance.

3.4.1 Human Rights

Reinforced by our signing of the 'Business Ambition Plegde'. Buckingham's policies and procedures have been developed and continue to be reviewed against and updated by reference to relevant codes of corporate governance, current applicable legislation plus relevant international standards including:

- The Global Compact principles derived from the United Nations (UN) Universal Declaration of Human Rights
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Convention against Corruption
- The Ethical Trading Initiative 'Base Code'

We ensure that employment is chosen freely, freedom of association is respected, working conditions are safe and hygienic, child labour is not used, wages are not lower than the minimum wage, working hours are not excessive, no discrimination is practised, regular employment is provided, and no harsh or inhumane treatment is allowed.

3.4.2 Modern Slavery (Anti-Slavery and Human Trafficking)
Buckingham Group has embraced the requirements of the Modern Slavery Act 2015 within our Management Systems and Processes. We have produced a formal Anti-Slavery and Human Trafficking Policy Statement, and our sixth, Annual Statement, that is available on our web site, via a link from the Home Page.

Based on our risk assessments, we deem the risk of slavery or human trafficking occurring within Buckingham Group's direct employee population, or our agency/contract staff and subcontractors under our direct supervision, to be LOW. The, 'Low', Risk Assessment is supported, and evidenced, by the fact that, through 2021, we had:

- Zero reported cases or instances of Modern Slavery or Human Trafficking in any part of our business operations and, to the very best of our knowledge within any of our suppliers or subcontractors
- No issues raised, or reported, via the application and implementation of our Whistleblowing Policy and Procedures

3.4.3 Anti-Fraud and Corruption
Buckingham as a private, employee-owned, business is committed to the highest standards of Corporate Governance. To the very best of our knowledge, never in our 65-year history, reflecting our family values, has any member of our company or our suppliers / sub-contractors been involved in any instance of bribery or corruption.

Our formal Anti-Fraud and Bribery Policy:

- Has been developed and implemented to eliminate the risk of fraud, bribery, and corruption
- Is briefed to all our staff and employees, who are further supported by suitable training and guidance
- Is subject to reviews at least annually plus at any time due to the findings from regular internal/external audits
- Has developed through numerous reviews and associated risk assessments to mitigate/eliminate the following business risks:
  - Reputational Risk, to protect ourselves and our clients/customers
  - Legal/Commercial Risk, e.g., corporate theft or theft of plant/materials etc from site
  - Competition Risks, distorting the market and breaches of UK/EU Competition rules

3.4.4 Gender Pay Equity
Buckingham is committed to setting equal pay as defined by the Equality Act 2010. We are confident that our male and female staff are paid equally for undertaking equivalent jobs with due consideration of the variances between the skills and experience of respective people.

Our formal Gender Pay Report is updated and published annually. The report is accessible from the front page of our web site.

3.4.5 Business Ethics
The Company operates on a clear set of business ethics and corporate values set by the Directors including, above all, a positive approach to staff, customers, and suppliers. This statement is reinforced by, and within, our formal Ethical Trading Policy Statement.

Through 2021, and as an ongoing initiative, our directors have delivered well received, interactive presentations to all attendees at our various staff engagement opportunities re-affirming our traditional 'family' and corporate values.

3.4.6 Political Donations and Expenditure
No political donations were made, or expenditure incurred, throughout 2021.

3.4.7 Equitable Payment Terms
The company is recognised by our supply chain as having an excellent track record in paying on agreed terms.

Through 2021, 38.48% of invoices were paid within 30 days

3.4.8 Data Protection and GDPR Compliance
Buckingham Group Contracting Ltd is registered with the Information Commissioner's Office (ICO), reference number ZA221822.

Through the implementation of our data protection policy and procedures, supported by ongoing training of our staff and employees, we confirm that though 2021:

- There were no instances of actual or potential personal data breaches

- No investigations had to be undertaken, therefore no instances of having to notify the ICO
- No requests were made to access personal data
- No complaints were received in relation to the storage and use of personal data

3.4.9 Cyber Security
Through 2021 Buckingham retained our Cyber Essentails Plus Certificate of Assurance. We are now working with a partner to commence the journey to ISO27001 certification.

3.5 People

High-Level Objective
Buckingham's people own this company and are our greatest strength. Our, long-standing family values create a culture of fairness, inclusion, and respect for all. We will remain a first-class employer of choice through our investment in staff wellbeing, training, learning and personal development.

3.5.1 Equality, Diversity and Inclusion and Disabled Employees
Buckingham Group is an Equal Opportunities Employer. The Company is committed to equality and recognises the importance of ensuring equal opportunity and fair treatment in every aspect of our business. We are aware of our duties and responsibilities to ensure compliance with the Equality Act 2010.

Through 2021 a total of 84 people (investing a total of 197 hours) attended EDI Training Courses provided by the Supply Chain Sustainability School.

3.5.2 Investment in wellbeing
The company places the health and wellbeing of our people as a core priority. We aim to treat mental health with the same openness and support as physical health. By continuing to implement our strategy and action plan we build on the foundations of increasing awareness for mental health, reduce risk factors for mental ill health and promote positive coping strategies. Our ongoing objective is to develop the culture of supporting mental health and resilience within the company both site-based and office-based teams.

We have appointed Prism as our Occupational Health Provider, delivering a range of 'mini-medical' health care and coaching supported by a programme of wellbeing coaching and training. Through 2021 we had 38 specifically trained Wellbeing Champions in our offices and on site.

We are signatories to:

- The 'Time to Change' programme to end mental health discrimination
- The Mental Health at Work Commitment to improve and support the mental health of our Employees

In partnership with MIND to provide Mental Health at Work Training to promote prevention and early intervention to every employee. Through 2021, we had 31 specifically trained Mental Health First-Aiders in our offices and on site.

Number of Employees Accessing Wellbeing Programmes

A total of 1739 people accessed our programmes through 2021:

- 1211 people accessed our OH&W and Wellbeing programme
- 528 people attended our Health Surveillance (mini-medicals) programme

3.5.3 Investment in Training

The Company's training programmes are very well established, and managed by our, multi-award winning, training team.

Through 2021:

- 16,404 hours was dedicated to health and safety training
- 2.034 weeks of training opportunities provided, (BTEC, City & Guilds, NVQ, HNC)
- 3,875 weeks completed by apprentices on our projects

3.5.4 Graduate, Apprentice and trainee job opportunities – 'Focussing on Future Skills'
The Company has placed a very strong emphasis over the past six years on graduate and apprentice development. It is a genuine pleasure for the Board to see young people maturing and developing as they progress through their respective training programmes.

The opportunities for Apprentices and 'Other Entry Level' positions maintained steady growth in 2021, with 20 new Apprentices and 18 other 'Entry-Level' positions filled.
In addition to 13 non-apprentice trainees, we currently have 53 apprentices employed in a variety of roles across the business, plus a further 9 Graduate Student Placements working across our wide range of projects. There has been a continued engagement in recruitment, training, and development of entry level staff across the business with a general increase of graduate intake and provision of Student Placement opportunities.

The development programme has supported 8 staff members to complete studies and take up full time roles in the business together with a further 8 candidates continuing their journey with 'next level' studies aligned to their key role within the business.

To provide full support and management of these and the other 80 or so young people developing their careers with us, the Future Skills team have embedded two additional staff members working both centrally and across Sector sites.

In 2021, with the easing of restrictions, academic studies aligned with apprenticeships are generally undertaken as a blended delivery model. A 100% pass rate has been maintained.

We have a structured approach to supporting appropriate staff to achieve the membership requirements for Professional bodies, representing most of our Operational Staff, including:

- Institution of Civil Engineers (ICE) – significant numbers of staff are under a Professional Training Agreement within the Future Skills programme
- Chartered Institute of Building (CIOB)
- Royal Institution of Chartered Surveyors (RICS)
- Chartered Institution of Civil Engineering Surveyors (CICES)

We also have the following in place:

- An ICE Approved Training Scheme
- A CIOB Training Partnership Agreement

The Company is formally accredited to offer support to staff to achieve accreditation to each of these professional bodies, through to Chartered Member status. Individual development plans are agreed, and appropriate support arranged, with mentoring and training provided to help candidates achieve their goals.

For Quantity Surveying staff seeking Chartered status through RICS or CICES, the Company provides appropriate support and mentoring for what is an individually arranged process. Suitable candidates who demonstrate the desire to pursue such opportunities with training towards Professional Body Accreditation in Accountancy, Marketing and Safety amongst other areas, are also supported.

The investment in our dedicated management team, and the level of support that they offer to both managers and trainees is very significant. This demonstrates the board's long-term commitment to training and development and our recognition that professional status can enhance both the working standards and the reputation of our individual staff and our Company as a whole.

Promoting the Industry to Young People

Buckingham's Future Skills team leads our **Ambassador Programme** that is now embedded on a number of sites.

This programme comprises of site visits, school interaction, discussions around career opportunities and construction jobs. The programme, and approach, supports STEM subjects, builds confidence and is specifically designed to encourage more individuals to join the construction industry.

4.0 Directors' Report

The directors present their report and the financial statements for the year ended 31st December 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:
- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Going Concern

Details of the Company's business activities and the factors likely to affect its future development, performance and financial position are set out in the Strategic Report.

The Board has undertaken a comprehensive review of the Company's forecasts for 2022 and 2023. As part of this review, the directors considered the potential impact of reasonable downside scenarios on the Company's base case forecast.

Based on the expected trading patterns, a strong balance sheet, the record level of secured workload, and the diverse pipeline of opportunities, the outlook for 2022 and beyond remains positive.

The Company meets its day-to-day working capital requirements through its cash reserves. In October 2022, the Company secured a 3-year, asset-based, lending facility with IGF Business Credit Limited for £20m. This facility provides long-term financing for the Company and enables it to fund growth, investment opportunities and fluctuations in working capital. The directors' review of the Company's forecasts and projections show that the Company has sufficient headroom to support its operations for the period of assessment.

At the time of approving the financial statements, the directors consider that the Company has adequate resources to remain in operation for the foreseeable future and have no reason to believe that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on the going concern basis of accounting.

Results and dividends

The results for the year ended 31 December 2021 and the year ended 31 December 2020 are shown in the Company's Statement of Comprehensive Income.

The loss before tax for the year ended 31 December 2021 was £10,744,000 (2020 – profit before tax - £8,614,000). The loss after tax for the year was £7,569,000 (2020 – profit after tax - £6,864,000).

Dividends totalling £600,000 (2020 - £1,343,000) were paid in the year.

Contributions of £14,148,000 (2020- £Nil) were made to the Buckingham Group Employee Ownership Trust during the year.

Directors

The directors who served during the year were:

Mr T J Brown
Mr M T Kempley
Mr K Underwood (resigned 2nd September 2021)
Mr P W Wheeler (resigned 2nd September 2021)
Mrs P J Wheeler (resigned 2nd September 2021)
Mr S D Walkley
Mr I M McSeveney
Mr A S Kerr
Mr R M Plant

Future developments

Future developments have been described in Section 2 of this report.

Research and development

The Company is committed to the research and development of innovative techniques, construction methods, new materials, and energy efficiency in each of its operating sectors. The Company's senior managers, engineers and technical staff are also occasionally supported by various designers and technology specialists in delivering the technical advances.

Disclosure of information to Auditors

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

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

Indemnity provision

Under the Company's articles of association, any director is entitled to be indemnified by the Company (to the extent permitted by law) against any liability incurred by him in defending proceedings which relate to any acts or omissions in his capacity as an officer of the Company. In addition, the Company maintains insurance for the benefit of the directors in respect of such matters at levels which it considers appropriate.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on the 9th December 2022 and signed on its behalf.

Mr M T Kempley
Chairman

5.0 Independent Auditor's Report to the Members of Buckingham Group Contracting Limited

Opinion

We have audited the financial statements of Buckingham Group Contracting Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis *for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Emphasis of Matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the material uncertainty attached to the outcome of commercial negotiations over the settlement of a key contract. Management have included in the financial statements their best estimate of what they consider is a probable recovery in line with accounting standards but the realised settlement at the end of negotiations may differ from this. We have also considered the subsequent impact any changes in the final settlement amount may have on the on the results reported.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. 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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to work in progress and cost accruals, revenue recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Signed:

Stephen Eames

Mr Stephen Eames (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 12th December 2022

6.0 Financial Statements

6.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Revenue	**4**	665,300	584,462
Cost of sales		(638,404)	(543,319)
Gross profit		26,896	41,143
Administrative expenses		(39,182)	(34,521)
Operating (loss)/profit	**5**	(12,286)	6,622
Other income	**6**	1,347	1,751
Interest receivable and similar income	**11**	87	170
Profit on disposal of fixed assets	**5**	108	71
(Loss)/profit before tax		(10,744)	8,614
Tax on (loss)/profit	**12**	3,175	(1,750)
(Loss)/profit for the financial year		(7,569)	6,864
Other comprehensive (expense)/income for the year			
Other comprehensive (expense)/income		(115)	88
Total comprehensive (expense)/income for the year		(7,684)	6,952

6.2 BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	**14**		663		534
Tangible assets	**15**		1,359		1,963
			2,022		2,497
Current assets					
Debtors: amounts falling due after more than one year	**16**	10,799		8,180	
Debtors: amounts falling due within one year	**16**	127,944		135,537	
Cash at bank and in hand	**17**	76,843		89,770	
		215,586		233,487	
Creditors: amounts falling due within one year	**18**	(190,959)		(189,000)	
Net current assets			24,627		44,487
Total assets less current liabilities			26,649		46,984
Creditors: amounts falling due after more than one year	**19**		(4,619)		(3,149)
Net assets			22,030		43,835
Capital and reserves					
Called up share capital	**23**		2		1
Share premium account	**24**		626		-
Profit and loss account	**25**		21,402		43,834
			22,030		43,835

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

Mr M T Kempley
Chairman

Date: 9th December 2022

Mr A Kerr
Group Finance Director

Date: 9th December 2022

The notes on pages 43 - 65 form part of these financial statements.

6.3 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	1		38,225	38,226
Profit for the year	-	-	6,864	6,864
Other comprehensive income	-	-	88	88
Total comprehensive income for the year	-	-	6,952	6,952
Transactions with shareholders				
Dividends	-	-	(1,343)	(1,343)
At 31 December 2020	1	-	43,834	43,835
(Loss) for the year	-	-	(7,569)	(7,569)
Other comprehensive (expense)	-	-	(115)	(115)
Total comprehensive (expense) for the year	-	-	(7,684)	(7,684)
Transactions with shareholders				
Issue of B Ordinary shares	-	200	-	200
Issue of M3 Shares	1	426	-	427
Dividends	-	-	(600)	(600)
Contributions to Employee Ownership Trust	-	-	(14,148)	(14,148)
At 31 December 2021	2	626	21,402	22,030

6.4 STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(7,569)	6,864
Adjustments for:		
Amortisation of intangible assets	76	147
Depreciation of tangible assets	1,088	1,170
(Profit) on disposal of tangible assets	(108)	(71)
Interest received	(87)	(170)
Taxation (credit)/charge	(3,175)	1,750
Decrease/(increase) in trade and other receivables	9,738	(15,660)
Increase in trade and other payables	3,628	40,481
Other comprehensive (expense)/income	(115)	88
Other income	(1,250)	(1,287)
Net tax (paid)/received	(538)	1,225
Net cash generated/(absorbed) from operating activities	1,688	34,537
Cash flows from investing activities		
Purchase of intangible fixed assets	(259)	(316)
Purchase of tangible fixed assets	(430)	(619)
Sale of tangible fixed assets	108	73
Interest received	87	170
Net cash used in investing activities	(494)	(692)
Cash flows from financing activities		
Dividends paid	(600)	(1,343)
Sale of shares	627	-
Contributions paid to Employee Ownership Trust	(14,148)	-
Net cash used in financing activities	(14,121)	(1,343)
Net (decrease)/increase in cash and cash equivalents	(12,927)	32,502
Cash and cash equivalents at beginning of year	89,770	57,268
Cash and cash equivalents at the end of year	76,843	89,770
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	76,843	89,770

6.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General Information

Buckingham Group Contracting Limited ('the Company') is a private Company, limited by shares, incorporated in the United Kingdom. The address of its registered office and principal place of business is Black Pit Farm, Silverstone Road, Stowe, Buckingham, Buckinghamshire, MK18 5LJ. Company number 02181671.

The principal activity of the Company in the year under review was that of a civil engineering and building contractor including demolition, land remediation and railway engineering projects in the UK.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements have been rounded to the nearest £'000.

2. Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Company's financial position, performance and future development and believe the Company has adequate resources to continue in operational existence for the foreseeable future. Details of this review are set out in the Directors' report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- The costs incurred and the costs to complete the contract can be measured reliably

2.4 Intangible Assets

Intangible assets are initially recognised at cost and represent software and licences. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

In the event that an internally generated intangible asset arises from the Company's development activities then it will be recognised only if all of the following conditions are met:

- An asset is created that can be identified such as software or a new process;
- The project which the asset arises meets the Company's criteria for assessing technical feasibility;
- It is probable that the asset created will generate future economic benefits and;
- The development cost of the asset can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Intangible Assets (Continued)

Amortisation is provided on the following basis:

- Software and licences - 3 years straight line basis
- Internally generated assets 3 - 7 years straight line basis

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

2.5 Tangible Fixed Assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- Survey equipment 33% on cost
- Motor vehicles 33% on cost
- Demolition equipment 33% on cost
- Office portacabin 20% to 33% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Long term balances are measured at amortised cost.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Foreign Currency Transactions

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

Foreign exchange gains and losses that relate to shares in joint ventures are presented in the Statement of Comprehensive Income within 'other comprehensive income'.

2.10 Finance Costs

Finance costs are charged to the 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.

2.11 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Research and development

Expenditure on research and development is expensed as it is incurred.

2.17 Share based payments

The Company reflects the economic cost of awarding shares and share options by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the Statement of Comprehensive Income over the vesting period of the award.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Joint arrangements

The Company undertakes a number of business activities through joint arrangements. Joint arrangements exist when two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's joint arrangements are joint operations.

Joint operations are joint arrangements in which parties with joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The activities of a joint operation are primarily designed for the provision of output to the parties to the arrangement indicating that:

- The parties have the rights to substantially all the economic benefits of the assets of the arrangement; and
- All liabilities are satisfied by the joint participants through their purchases of that output. This indicates, in substance, the joint participants have an obligation for the liabilities of the arrangement.

The financial statements of the Company include its share of the assets in joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations and its revenue derived from the sale of its share of the output from the joint operation. All such amounts are measured in accordance with the terms of each arrangement, which are usually in proportion to the Company's interest in the joint operation.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received.

A grant that becomes receivable as compensation for costs already incurred is recognised as income in the period in which it becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Revenue recognition in respect of construction contracts

Recognition of revenue and profit on construction contracts requires management judgement regarding the anticipated final outcome of individual contracts and on the proportion of work completed at the balance sheet date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the balance sheet date is calculated by undertaking surveys and completing internal assessments on each element of work completed and in progress. Regular management reviews of contract progress include a comparison of internal assessments of cost and value to the applications for payment made by supply chain partners and to external valuations completed on behalf of clients. Any material variances are investigated, and updates made where appropriate.

The estimate of the final value of a contract may include an assessment of the recovery of variations, which have yet to be agreed with the client, compensation events, and claims. These estimates are recognised to the extent that it is probable the value will be agreed with the client and the amount to be received can be measured with reasonable certainty. At the balance sheet date, there is material uncertainty in respect of the final value of one contract. In determining the probable final value the company will recover, management has conducted a detailed review of each of the Company's entitlements under the contract. As with any estimate, the final agreement could result in an over or under recognition of value in a subsequent period.

The age, nature and recoverability of all debtors and amounts recoverable on construction contracts are reviewed regularly by management and adjustments made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied, and results determined on a consistent basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised. Variations to accounting estimates could result in the over or under recognition of revenue.

Recoverability of receivables
The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Determining residual values and useful economic lives of property, plant, and equipment
The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery, and equipment. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Revenue

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

	2021 £000	2020 £000
Contracting income	665,300	584,462

Analysis of revenue by country of destination:

	2021 £000	2020 £000
United Kingdom	665,300	584,462

5. Operating (loss)/ profit

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

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1,088	1,170
Amortisation of intangible assets	76	147
(Profit) on disposal of fixed assets	(108)	(71)
Research and development expenditure	9,721	9,167

6. Other income

	2021 £000	2020 £000
Government grants received – Furlough	97	463
Research and development tax credits	1,250	1,288
	1,347	1,751

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	68	65
Fees payable to the Company's auditor in respect of:		
Other services	3	-
	3	-

8. Employees

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

	2021 £000	2020 £000
Wages and salaries	39,187	33,707
Social security costs	4,522	3,809
Cost of defined contribution scheme	3,630	3,324
	47,339	40,840

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

	2021 No.	2020 No.
Contract	527	498
Administration	131	125
	658	623

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	2,077	1,281
Company contributions to defined contribution pension schemes	84	114
	2,161	1,395

During the year retirement benefits were accruing to 5 directors (2020: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £473,000 (2020: £243,650).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,000 (2020: £22,455).

During the year no directors received shares under the long-term incentive schemes (2020: Nil).

10. Remuneration of key management personnel

Key management personnel comprise the executive directors as well as members of the senior management board (excluding that set out for the directors above), sector and departmental heads. Their aggregate remuneration was as follows:

	2021 £000	2020 £000
Wages and salaries	5,391	3,371
Social security costs	688	389
Staff pension costs	624	186
	6,703	3,946

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Interest receivable

	2021	2020
	£000	£000
Other interest receivable	87	170

12. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on (loss)/profit for the year	-	(1,713)
Adjustments in respect of previous periods	2,093	(33)
Total current tax	2,093	(1,746)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences		
Fixed asset timing credit/(charge)	13	(4)
Short term timing credit	28	-
Losses and other deductions credit	1,041	-
Total deferred tax	1,082	(4)
Taxation on (loss)/profit on ordinary activities	3,175	(1,750)

Factors affecting tax credit/(charge) for the year

The standard rate of tax applied to reported (losses)/profits on ordinary activities is 19% (2020 – 19%). An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated on the rate of 25% (2020 – 19%).

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

	2021 £000	2020 £000
(Loss)/profit on ordinary activities before tax	(10,744)	8,614
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,041	(1,637)
Effects of:		
Expenses not deductible for tax purposes	(130)	(46)
Depreciation disallowable for tax purposes	(34)	(73)
Other permanent differences	973	-
Losses carried back	(2,023)	-
Adjustments in respect of prior periods - credit/(charge)	2,093	(33)
Adjust deferred tax rate	258	-
Other differences leading to a (charge)/credit in the tax charge	(3)	39
Total tax credit/(charge) for the year	3,175	(1,750)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Dividends

	2021 £000	2020 £000
Dividends paid	600	1,343

14. Intangible assets

	Software Management System £000
Cost	
At 1 January 2021	1,266
Reclassification	(331)
Additions	259
At 31 December 2021	1,194
Amortisation	
At 1 January 2021	732
Reclassification	(277)
Charge for the year	76
At 31 December 2021	531
Net book value	
At 31 December 2021	663
At 31 December 2020	534

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Tangible fixed assets

	Plant and vehicles £000	Office equipment £000	Office portacabins £000	Survey equipment £000	Total £000
Cost or valuation					
At 1 January 2021	724	510	2,806	2,390	6,430
Reclassification	-	331			331
Additions	-	192	48	190	430
Disposals		-	-	(540)	(540)
At 31 December 2021	724	1,033	2,854	2,040	6,651
Depreciation					
At 1 January 2021	658	180	1,906	1,723	4,467
Reclassification	-	277	-	-	277
Charge for the year on owned assets	65	252	373	398	1,088
Disposals	-	-	-	(540)	(540)
At 31 December 2021	723	709	2,279	1,581	5,292
Net book value					
At 31 December 2021	1	324	575	459	1,359
At 31 December 2020	66	330	900	667	1,963

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Debtors

	2021	2020
	£000	£000
Due after more than one year		
Amounts recoverable on long term contracts	10,799	8,180
Due within one year		
Trade debtors	51,090	57,167
Amounts owed by related parties	-	500
Other debtors	740	432
Prepayments	2,544	2,173
Amounts recoverable on long term contracts	68,807	75,265
Tax recoverable	3,689	-
Deferred tax	1,074	-
	127,944	135,537

17. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	76,843	89,770

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	99,145	120,487
Amounts owed to joint venture arrangements	256	211
Other taxation and social security	13,895	4,596
Corporation tax	-	191
Amounts payable in relation to long-term contracts	76,282	62,076
Accruals and deferred income	1,381	1,431
Deferred tax	-	8
	190,959	189,000

19. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Amounts payable in relation to long-term contracts	4,619	3,149

The Company's bankers, HSBC, hold a fixed and floating charge, dated 17 February 2012, over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

20. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	76,843	89,770
Financial assets that are debt instruments measured at amortised cost and consisting of trade debtors and other receivables	131,436	141,543
	208,279	231,313

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Financial instruments (continued)

	2021 £000	2020 £000
Financial liabilities		
Financial liabilities measured at amortised cost and consisting primarily of trade creditors and other payables	(177,064)	(184,205)
	(177,064)	(184,205)

21. Deferred taxation

	2021 £000
At beginning of year	(8)
Originated during the year	1,082
At end of year	1,074

The deferred tax asset/(liability) is made up as follows:

	2021 £000	2020 £000
Fixed asset timing differences	(50)	(63)
Short term timing differences	83	55
Losses and other deductions	1,041	-
	1,074	(8)

22. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2021 £000	2020 £000
Within one year	397	423
Between one and five years	201	578
	598	1,001

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
4,500,000 - A1 Ordinary shares of £0.0001 each	-	450
5,500,000 - B Ordinary shares of £0.0001 each	-	550
700,000 - A2 Ordinary shares of £0.0001 each	-	70
75,000 - A3 Ordinary shares of £0.0001 each	-	7
75,000 - A Ordinary shares of £0.0001 each	-	8
12,000,000 - Ordinary shares of £0.0001 each	1,200	-
3,500,000 - M3 shares of £0.0001 each	350	-
Allotted, issued and part paid		
3,420,000 - M3 shares of £0.0001 each	342	-
	1,892	1,085

On 25th August 2021, 525,000 B Ordinary shares of £0.0001 each were issued on the exercise of Share Options held by employees at an exercise price of 21 pence per share. Total consideration was £110,000 and the premium of £110,000 has been credited to the Share Premium account.

On 25th August 2021, 95,000 B Ordinary shares of £0.0001 each were issued on the exercise of Share Options held by employees at an exercise price of 95 pence per share. Total consideration was £90,000 and the premium of £90,000 has been credited to the Share Premium account.

On 2nd September 2021 the A1, A2, A3, A4 and B Ordinary shares were re-designated as Ordinary shares of £0.0001 each.

On 13th December 2021 530,000 Ordinary shares of £0.0001 each were issued at par.

On 16th December 2021 3,500,000 M3 Shares of £0.0001 each were issued fully paid at a subscription price of £0.076 each for a total consideration of £266,000. On the same date 3,420,000 M3 Shares of £0.0001 each were issued part paid at a subscription price of £0.076 each for a total consideration of £161,000. £99,000 is unpaid in respect of the part paid M3 shares at 31st December 2021.

The premium of £426,000 arising on the issue of 6,920,000 M3 Shares has been credited to the share premium account.

The Ordinary shares and M3 shares have equal voting rights. The Ordinary shares are entitled to dividends. The M3 shares are not entitled to dividends.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

24. Share premium account

	2021 £000	2020 £000
At beginning of year	-	-
Shares issued during the year	626	-
At end of year	626	-

25. Reserves

The profit and loss reserve represents profits and losses retained in previous and current periods, after the payment of dividends and contributions made to the Buckingham Group Employee Ownership trust.

26. Share based payments

The Company operated a Company Share Option Plan for the benefit of certain senior managers. Details of the options issued under the plan are set out below:

	Number 2021	Number 2020
Outstanding at the beginning of the year	630,000	670,000
Granted during the year	-	-
Forfeited during the year	(10,000)	(40,000)
Exercised in the year	(620,000)	-
	-	630,000

655,000 options were granted on 4 December 2014 at an exercise price of 21p each. A further 175,000 options were granted on 13th May 2016 at an exercise price of 95p each.

On 25th August 2021 620,000 options were exercised prior to the transfer of ownership to the Buckingham Group Employee Trust on 2 September 2021.

27. Pension commitments

The Company operates a defined contribution pension scheme for all employees of the company. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £3,630,000 (2020 - £3,324,000). Contributions totalling £333,000 (2020 - £292,000) were payable to the fund at the balance sheet date.

28. Related party transactions

Prior to the transfer of ownership to the Buckingham Group Employee Trust on 2 September, the Company shared a common director with Buckingham Plant Hire Limited and Adams Cundell Engineers Limited, a 100% subsidiary of Buckingham Plant Hire Limited. During the period to 2 September 2021, the Company entered into trading transactions with these companies as set out below.

	2021	**2020**
	£000	**£000**
Sales to Buckingham Plant Hire Limited	35	62
Sales to Adams Cundell Engineers Limited	2	Nil
Interest received from Buckingham Plant Hire Limited	6	31
Purchases from Buckingham Plant Hire Limited	7,833	9,517
Purchases from Adams Cundell Engineers Limited	1,754	2,953

At the reporting date the following trade balances were outstanding:

	2021	**2020**
	£000	**£000**
Trade payables		
Buckingham Plant Hire Limited	2,743	1,536
Adams Cundell Engineers Limited	415	584
Trade receivables		
Buckingham Plant Hire Limited	11	18
Adams Cundell Engineers Limited	1	
Loan receivables		
Buckingham Plant Hire Limited	-	500

29. Controlling party

The ultimate controlling party is BGC Trustee Limited on behalf of the Buckingham Group Employee Ownership Trust.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

30. Post balance sheet event

In October 2022, the Company entered into a 3-year, asset-based, lending facility with IGF Business Credit Limited (IGF) for £20m. IGF holds a fixed and floating charge, dated 5 October 2022, over the undertaking and all property and assets present and future.