

# Strengthening Our Platform For Continued Growth

Carey Group PLC Group Strategic Report,  
Directors' Report and Consolidated Financial Statements  
for the Year Ending 31<sup>st</sup> March 2019

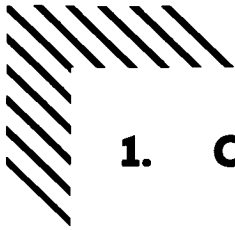
Registered number: 02644192 (England and Wales)





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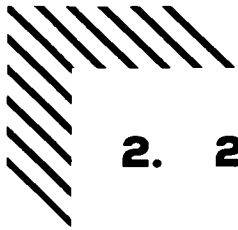
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# 1. Company Information

For the Year Ended 31st March 2019

<b>Directors:</b>	Thomas Carey Patrick Carey John Carey John Anthony Carey Alan McCarthy Paul Johnson
<b>Secretary:</b>	Fiona O'Donnell
<b>Registered office:</b>	Carey House Great Central Way Wembley Middlesex HA9 0HR
<b>Registered number:</b>	02644192 (England and Wales)
<b>Independent auditors:</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
<b>Bankers:</b>	Allied Irish Bank (GB) 202 Finchley Road London NW3 6BX  Santander Business Banking Bridle Road Bootle Merseyside L30 4GB
<b>Solicitors:</b>	Ashford LLP Tower Wharf Cheese Lane Bristol BS2 0JJ



## **2. 2018/2019 At a Glance**

The Group delivered revenue growth of 12.7% in the 12 months to 31st March 2019 to £575.3m (2018: £510.5m), reflecting longstanding relationships with blue-chip clients and the core ability of the Group to deliver high quality work.

Profit before tax for the year was £1.57m (2018: £18.7m). This reduction is primarily a result of the performances of our Irish contracting and UK demolition operations within the Group, which were negatively impacted by issues that the leadership has identified and taken swift action in ring-fencing.

While the performance of our Irish contracting and UK demolition operations is disappointing, decisive action has been taken and the Group started the 2019/20 year with an increased order book of £362m (2018: £340m) and is preferred bidder on a further £275m.

Our two largest companies, PJ Carey (Contractors) Limited (Registered in the UK) and The BDL Group plc, had a combined turnover of £467.4m in the year (representing 81% of Group turnover) and returned an operating profit of £17.5m.

The Group remained cash generative throughout the year, closing with a healthy pipeline of work, which is testament to the strength of the Group, our client relationships and the clarity of our strategy and vision for growth.

2019 marks the 50th anniversary of the Carey Group. From humble beginnings, we have grown to become a leading family-owned design, engineering, construction, development and resource recovery business operating across the UK and Ireland.

Our market-leading position is based firmly on our commitment to the Carey Way, which embodies the way we do business: working collaboratively with our people, clients, partners and suppliers to offer a best-in-class, end-to-end design and build service, placing great importance on delivering for our clients and building long-term relationships. We are encouraged to see the Carey Way being embraced across the Group, and we are certain that the right team is in place for the future.

The Group has performed robustly in a challenging year. Despite the effect of our Irish contracting and UK demolition operations on our profit performance, we are confident that we have a platform for growth.

Our aim is to build on the success of our design and consultancy capabilities via Careys Design Team – the fully integrated business which focusses on the most challenging and complex projects and as such enables us to offer a compelling end-to-end design and build solution for our clients.

Our reputation for delivering projects on-time, on-budget and to the highest quality continues to enhance our relationships with our clients. We look forward to a positive future.



### 3. Chairman's Statement

As we close our accounts on our 50th year, it allows us the time to reflect and take stock of where we are today. When my brothers and I started out 50 years ago, we never imagined that we would be responsible for a group of companies with a combined turnover of £575.3m. Whilst we are pleased with the increase in turnover, our margin has decreased this year due to two underperforming companies within the Group.

We started our company on the simple values of wanting to make a living for our families, looking after our people and always doing exactly what we promised we would do for our clients. There have been many ups and downs along the way, but we have always stuck together as a team and stayed loyal to the vision that we started the business with – always seeking to do the right thing, because it is the right thing to do, not because we were asked to do it. We have always believed in building a sustainable platform, with the help of our talented people, in order for the company to thrive for the next 50 years. This approach, on balance, has worked. We have come out ahead and proven successful. However, we remain humble and never take our success for granted.

Currently, we find ourselves in the midst of challenging political times, with all the uncertainty that this brings. This has impacted the industry, resulting in contracts taking longer to come to fruition than in previous years. During this period, we must continue to differentiate ourselves within the market and from our competition, so that we continue to win and deliver great work.

Key appointments to note are Jason Carey and Tommy Carey replacing Denis Deacy as Interim Joint Chief Executive Officers, Lee Daniels becoming Managing Director of BDL Dry Lining, and Julie Welch joining the Board as Chief People Officer. Part of the challenge we put to them, and our existing leadership, is our expectation that they will reinvigorate the underperforming companies of the Group. At the same time, they must also continue to build on and enhance the reputation and results of the well-performing companies. They must seek

to do all of this whilst preserving our values and protecting the culture that has been created over the years, even as we continue to pursue our ambition to grow into new exciting markets and attract the best talent. No matter how much we grow as a business, we are determined that people still feel a close connection to Careys and know that we're more than just a group of companies.

We have total confidence and great trust in our leadership team, given their swift action in addressing the issues in our Irish contracting and UK demolition operations, since they came to light. We have also been impressed by their focus on the launch and implementation of the strategy and vision which enables all of our people to understand how they can contribute to and be a part of the success of the Carey Group over the years to come. This will enable us to build on the success of the last 50 years and create a sustainable platform for growth that will enable future generations to be as proud as we are today.

Notably, we continue to make improvements in our Health and Safety culture. We have well embedded systems and levels of performance in place to enable us to continue to improve as we work towards our goal of zero harm.

As long as the values of the Group are retained for future generations, and we continue to look after all who work with Careys, then I am confident that I can look forward with pride to many more years of seeing where the future takes us. With a strong forward order book and established relationships with our long-standing clients, the future continues to look positive.

On behalf of the Shareholders, I would like to thank all our employees for their hard work and loyalty. Their commitment, insight and willingness to go the extra mile is what makes Careys great and we have reason to be proud in delivering the Carey Way.



**John Carey**  
Chairman



## 4. Interim Joint Chief Executive Officers' Statement

It is truly an honour – as we celebrate our 50th year in business – to have the privilege bestowed upon us of leading the Group through the next stages of its development. We are extremely proud to take on this responsibility, which we intend to fulfil by respecting those who have led the way before us and inspiring those who make the journey with us now. We will build on the sustainable platform for growth that has been created over the last 50 years, and continue to evolve the Group to ensure its continued success over the next 50.

Our first strategic task as leaders was to articulate the founders' vision in a clear way that could be executed at all levels of our business, empowering our people with the knowledge of how vital they are in delivering our vision for the future, whilst holding steadfast to the principles that Careys was founded on. We give our people the ability to achieve their potential and ambition in a culture of growth and a safe environment.

The vision we established is closely tied to the principles that the founders started the company on 50 years ago. We based it around three pillars and six consistent behaviours that need to be lived by our people, at all levels of the organisation, every day. We are grateful for the dedication and contribution which is made daily by everyone at Careys.

Our second strategic task was to address two underperforming companies within the Group – our Irish contracting and UK demolition operations – that fell below the Shareholders' expectations and not aligned to the vision that embodies the Carey Way of working. It is important to note that the challenges were particular to these two companies and have been fully ring-fenced. Furthermore, we have taken swift and decisive leadership action to meet these challenges head on, resolve them, and set both companies back on course for improved future performance.

Our strategy to integrate the services our Group provides has enabled us to build a reputation of trust and a self-delivery model that allows us to secure work safe in the knowledge of our ability to deliver on our promises.

The Group ended the year with a strong order book reflecting our focus on developing long-term relationships with blue-chip clients and a culture of delivery and integrity that leads to repeat business. We enter the year with secured work of £362m and are preferred bidder on a further £275m. The order book provides clear visibility for the year ending 2019/20 and underpins our confidence in the Group's future performance.

The Group balance sheet remains strong, evidence of the robust financial management that is essential for our partners and supply chain as the size and complexity of our projects continue to increase.

We finished the year with a positive cash position and with the priority next year to continue to build cash reserves. This, combined with our preference for low gearing, reflects our prudent approach to continuing sustainable growth.

The Board believes our balance sheet, strong relationships with stakeholders built on years of consistent performance, and our strategy of repeat business delivered to the highest quality in a non-adversarial self-delivery model, sets us up for continued success.



**Jason Carey and Tommy Carey**  
Interim Joint Chief Executive Officers



## 5. Chief Financial Officer's Statement

The Group has performed robustly in challenging market conditions, remained cash generative throughout the year and maintained a strong balance sheet. We are confident that the Group is positively positioned within the marketplace to support continued growth despite the backdrop of political uncertainty.

The Group delivered revenue growth of 12.7% in the 12 months to the 31st March 2019 to £575.3m (2018: £510.5m), reflecting longstanding relationships with blue-chip clients and the core ability of the Group to deliver high quality work.

Our two largest companies, PJ Carey (Contractors) Limited (Registered in the UK) and The BDL Group plc, had a combined turnover of £467.4m in the year (representing 81% of Group turnover) and returned an operating profit of £17.5m.

These strong returns have been offset by a poor performance in two of our contracting entities, our Irish contracting company and our demolition company. These two companies returned an operating loss of £14.7m and £4.2m respectively. These losses were attributable to four significantly under-performing contracts. Given the quantum of these contractual losses on the performance of the Group for the year, we have separated them out in our Profit and Loss Account to assist the readers in better appreciating the performance of the Group before the impact of these contracts is reflected. We have identified the issues that lead to these losses and have taken swift and decisive action in ring-fencing the issues within these two companies.

Group profit before tax for the year was £1.6m (2018: £18.7m) and EBITDA for the year was £10.8m (2018: £26.4m). The retained strength of our balance sheet with £97.8m (2018: £97.3m) of net assets is evidence of the continued financial success of our business.

We make a full provision in our accounts for contract retention monies owing to the Group which at the 31st of March 2019 were £26.9m.

The Group finances its contracting operations through working capital and retained profits.

Our Plant-hire and Development companies also utilise bank borrowing to fund their operations. The Group's gearing level remains cautious and prudent and at £27.7m (2018: £34.7m) has reduced by £7m in the year. This gearing includes £10m of hire purchase loans to provide plant and equipment to underpin our Plant-hire company and £11.7m of development funding for our development company Careys New Homes Limited. We continually monitor forecast cash usage to ensure that projected financing needs are supported by adequate cash reserves or bank facilities.

Work-in-hand stood at £362m on the 1st April 2019 (2018: £340m). Payment of suppliers was at an average of 39 days (industry average 45 days). We remain committed to reducing our payment timescales further with the aim of being market leading in this respect, investing £2.1m in systems and technology to help achieve this.

Our Commercial and Financial teams continue to work closely together to provide the robust financial management that will enable the Group to grow with confidence.

**Alan McCarthy**  
Chief Financial Officer



## 6. Strategic Report

### Corporate Governance

#### Corporate Governance

The Board of Directors is committed to the principles of corporate governance contained in the UK Corporate Governance Code ('Code') issued in 2016. We have spent time during the reporting year reviewing our approach to corporate governance and as part of that review we are looking to apply the principles of the Wates Governance Code for Large Companies to our business. These will apply to our reporting in the new financial year.

#### The Carey Group

The Carey Group is a leading family-owned design, engineering, construction, development and resource recovery business operating across the UK and Ireland. We are passionate about delivering safe, high quality projects and exceptionally high levels of client satisfaction. Our Group companies provide specialist construction services, asbestos removal, demolition, civil engineering, dry lining and house building, together with resource recovery across multiple sectors.

#### Introduction to the Strategy and Vision

Our strategy for building a sustainable platform for growth is built around being the world's best at the Carey Way: building a culture of robust financial management, making continuous investment in our people, specialist equipment and strategic assets, and upholding our long-standing culture of teamwork. We are passionate about what we create and how we create it, exhibiting an attention to detail and a desire to go the extra mile that differentiates us in the market.

We continue to invest in our retained business property portfolio, affording us a strong balance sheet and creating a sustainable platform for growth. We care about our people, our clients and how we interact with them, and we do our best for them. We care about our impact on the world around us and the communities we proudly help to create. To ensure the continued success of our strategy we ask all our people to 'know their value' and to exhibit it by living six repeated behaviours with the aim of being contractor of choice for our clients and our stakeholders.

#### The Carey Way

The Carey Way underpins our philosophy and behaviours as we strive to be the best in everything we do and to be better every day.

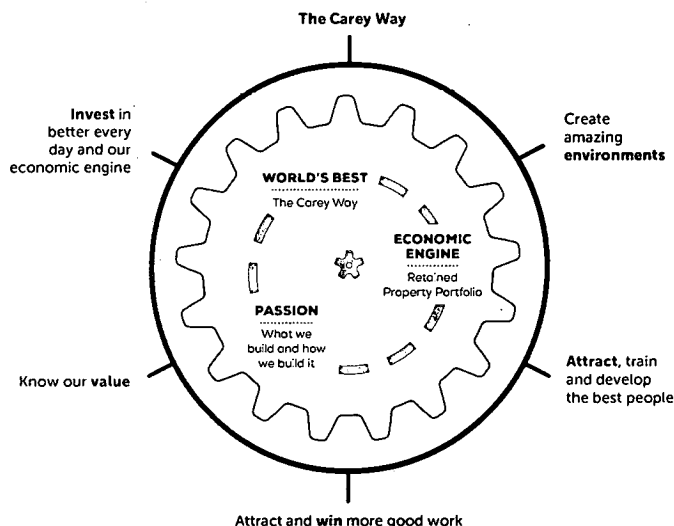


Figure 1: Group strategy and vision

We work collaboratively with our people, clients, partners and suppliers, are professional but non-adversarial in our approach, and place great importance in building long-term relationships. We see the drive and focus of the Carey Way as being our true differentiator.

#### Create Amazing Environments

This year we have completed work on projects which are fundamental to the fabric of the UK's infrastructure. Highlights include:

- 22 Bishopsgate, redefining London's skyline with its second tallest skyscraper;
- Demolition and remediation works at the former Ford Dagenham Stamping and Tooling Operations Plant;
- 3 mine shafts 120m below ground level at Woodsmith Mine – breaking a world record in the process – in the UK's first mining project for nearly 3 decades;
- Civil Engineering and infrastructure works at Aberdeen Exhibition Conference Centre – transforming the venue into Scotland's second largest purpose built conference, exhibition and entertainment venue;
- Edinburgh Airport's Stands Phase 2A and 2B – the airport's first crucial phase in its 2040 expansion plan to welcome 30 million passengers every year; and



- complex demolition works at Selfridges, the iconic Oxford Street destination.
- The BDL Group plc continue to assist in the delivery of repeat work for a number of valued clients:
- completing projects at prestigious developments Goodmans Field and Dickens Yard;
- helping to transform the former BBC TV Centre into White City Place – a rich, vibrant space with homes and offices;
- commencing works at 150 Bishopsgate – a 43 storey tower comprising London's first Pan Pacific Hotel.

Careys New Homes Limited team continue to create their own amazing environments. The recently completed Terriers Court is a new development set in an exclusive gated complex in the heart of Buckinghamshire, whilst The Paddocks is an outstanding development providing a family environment in a beautiful corner of Buckinghamshire.

We proudly create all these amazing environments whilst standing out in our unapologetic yellow and blue, setting up our sites in a manner that elevates the image of construction in the eyes of our clients and the public.

Our new offices in Kings Cross, London and Glasgow offer a fresh, modern working environment, that allows our people to work in a flexible, agile way, closer to our clients.

### **Attract, train and develop the best people**

Our people are our greatest asset. With a strengthened leadership team and a reputation for best-in-class delivery, we are in a strong position to grow and enhance the business whilst continuing to pursue our ambition of attracting and nurturing the best talent.

In recognition of this we have launched a flagship senior leadership development programme, 'Leading Edge', in partnership with Franklin Covey, leading consultants in leadership development. In 2018, 45 further leaders participated in over 10 days' detailed learning. This programme is being rolled out more widely in 2019. Our determined aim is to make the Carey Group the natural home for the very best people in our industry to build lifelong careers and become future leaders within the Group.

### **Attract and win more good work**

The Group retains a strong reputation across all our core sectors and despite the political uncertainty, we commence 2019/20 with a

healthy order book (£362m at 1st April 2019) and are preferred bidder on a further £275m of work.

The quality and integrity of our delivery is reflected in the repeat work our teams continue to win. Our geographic presence across the UK and Ireland enables us to remain flexible and responsive to regional market conditions whilst maintaining our core offer.

The success of our integrated business model where we can combine the expertise of Careys Design Team Limited, ION Environmental Solutions Limited, T E Scudder Limited and PJ Carey (Contractors) Limited (Registered in the UK) allows us to differentiate ourselves from our competitors and deliver additional value to our clients.

We are immensely proud to have attained new clients, winning the right type of work in new sectors where we are building long-term relationships with like-minded clients.

### **Know our value**

We continue to invest in long-term strategic assets which include our new offices in Kings Cross, Glasgow and our existing Wembley Campus – all of which are fully owned.

We make a conscious choice about the people we want to work with. It is fundamentally important for us to work with the right people: people who share our values, approach and ethics.

Our strong balance sheet is testament to our prudent approach to debt and robust financial management.

### **Invest in better everyday**

Investing in strategic assets over the long-term has helped us to establish our sustainable platform for growth.

We continue our ongoing investment in our plant, fleet and equipment and always ensure we invest in items that improve safety, delivers ease of use, efficiency, exceptional performance and are environmentally friendly. We now have over 750 vehicles and more than 2,500 items of plant, providing a range of cost-effective solutions for our clients.

Careys Design Team continues to lead innovation in digital technology through their use of technologies that enable clients to have greater certainty of programme constraints and solutions in addition to the range of options available on a project.

## 6. Strategic Report

### Our People

#### Our People

As a family-owned business, we know our people are at the heart of our continuing success. It's our people who make Careys an amazing place to work. We achieve our strategic objectives by delivering on our vision – we attract, train and develop the best people, and we provide an amazing environment characterised by empowerment, inclusivity and opportunity.

We are proud to employ some of the best, brightest and most talented people our industry has to offer, and it is our responsibility to nurture them.

We have made a significant investment as we improve employee engagement and development through our Franklin Covey based leadership development programme 'Leading Edge'. By investing in Leading Edge, we ensure our people are better equipped to work in an ever increasingly disruptive landscape, always open to working with our clients and meeting their individual needs, whilst providing a platform that nurtures and coaches the next generation of leaders, ensuring the continuity and success of the Group.

#### Developing our people

We have invested in the learning and development of all our employees to increase their knowledge, skills and development. During 2018, we invested £2.4m in training and e-learning events with learning activities aligned with our business priorities. Our 'Safe Home Every Day' (SHED) behavioural safety programme continues to run successfully with regular talks delivered by our leaders and supervisors. Our improving safety culture is evidence of the impact that these development programmes have had. Together with our ongoing investment in apprentices and trainees through our early career's strategy, these programmes are examples of our commitment to supporting people at all levels as they progress within Careys.

We give our employees opportunities to increase their functional, compliance and behavioural development in a range of areas, including:

- Health, safety and environmental compliance, including legislative requirements – with the aim of creating a culture of zero accidents and defects
- Business strategy, current and future needs – to learn how to develop a competitive advantage
- Core competencies within existing roles and responsibilities
- Personal learning and development – enabling our people to reach their full potential, which also contributes to the Group's ability to achieve our collective aims

Our investment in the learning, training and development of our workforce, enhances our ability to attain our corporate objectives and targets – whilst simultaneously enabling our employees to contribute to their own personal development within their lives, and as an integral part of the Carey Group.

### **Resourcing the Group**

In 2018, 142 new colleagues joined the Group, bringing the total average monthly number of employees during the year to 1,506. In addition, we deliver our projects alongside an important skilled contractor workforce population. Our in-house Recruitment team is focused on finding the best people to join us at Careys and aims to source talent directly at all career levels and across all disciplines. 78% of new joiners were hired directly in 2018 – our highest ever record, significantly reducing external recruitment costs.

### **Diversity and Inclusion**

The Group is committed to ensuring that the working environment is one where employees feel valued, respected and able to contribute their best to the success of the business and to develop and grow themselves. Our attraction and retention strategy is centred on the premise that we recruit the best people regardless of their background and we are proud that we are known as an excellent employer. Furthermore, we know that the entire built environment sector needs to become more representative of the communities it serves. Our Gender Pay Report can be viewed at <https://www.careysplc.co.uk/group/gender-pay-report>. We have three strands of focused activity to ensure that we narrow the gender pay gap in the Group.

At Careys, we also strive to employ and maintain a workforce that recognises and respects the diversity of our clients. As part of our ongoing dedication to becoming more diverse, we have put in place a person-centred hiring experience. Following a successful trial, we are proud to have adopted a sophisticated recruitment platform that uses behavioural algorithms to strip bias out of the hiring process, making it fairer and more objective.

### **Employee engagement**

In 2018 we held roadshows across the UK that were attended by over 600 employees. These events offer the opportunity for employees to hear from the leadership team about the implementation of our strategy and vision. In order to facilitate two-way communication, 'question and answer' sessions were held. Employees who could not attend on the day were also able to submit their questions.

We implemented our internal communication strategy to include the regular making of short films which we posted on our intranet. These focus on colleague journeys, the progress of key projects or best practice on health and safety. Engagement with and feedback from our people is vital to maintaining a sustainable business and we do this through other formal and informal ways such as Yammer (software helping employees connect and communicate across the Group) where employees can raise suggestions and give feedback. Directors regularly carry out engagement tours of our projects and sites to gain further insights and to examine in particular our health and safety performance.

## 6. Strategic Report

### Corporate Social Responsibility

#### Corporate Social Responsibility

At the Carey Group, we are building a long-term sustainable business – one that creates economic, environmental and social value for our stakeholders, upholds the highest safety standards, and promotes diversity and inclusivity.

#### Careys Foundation

Careys Foundation was established in 2012 and became a registered charity in 2015. Through the activities of the Careys Foundation, we are able to have a positive impact on the communities we work in and around. We take considerable pride in the Careys Foundation's commitment and approach to helping others, which is firmly grounded in the strong Carey family values which have underpinned the wider Group since 1969. The Foundation focuses its efforts on three key areas – community, volunteering and charity.

To date, the Foundation has contributed approximately £1.5m to charitable and worthy causes. We provided support to 247 charities in 2018. During the same year, Careys' employees collectively donated 738 volunteering hours and participated in 82 charitable events.

#### Community

We believe in honouring, respecting and supporting the communities we work within and alongside. At all times, throughout each and every one of our projects, we look to engage positively with the community.

One of the main ways in which we give back to the communities in which we work is through the school initiatives and educational projects that our teams offer and help bring to life. For example, we helped with construction at "The Acorn Centre", a school in Hertfordshire that provides emotional support to young children who are either at risk or have been permanently excluded from school, where our project teams helped to build a temporary structure on nearby, unused land creating a new classroom and real educational environment for the children to learn in. In addition, Carey Group teams have selflessly given their time, skills and services to transform and rejuvenate community spaces at numerous sites around the country, such as St Raphael's Edible Garden in Brent, London.

#### Volunteering

Volunteering – offering our time and resources to help improve the lives of others – reflects the very heart of our value system. So, we provide volunteering opportunities and support for all of our employees to apply their skills outside of the workplace. Through our volunteering scheme, every employee is entitled to one paid day of leave each year that they can use to volunteer for a charity of their choice.

Some of the ways in which Carey Group employees have applied their efforts and talents to make a difference and create a positive impact within local communities include gardening, volunteering at food banks and spending time with older people. Through our volunteering activities, we have seen first-hand that small gestures of support, provided enthusiastically by thousands of people, can provide incredible benefits for worthy causes.

#### Charity

We actively encourage and support all of our employees to fundraise for charitable causes. Our employees are keen to get involved. In fact some of them have tackled tough obstacles – such as mountain climbs and extreme races – in order to raise awareness of and funds for charity.

One of the stellar events that we have long participated in and now have the privilege to sponsor – in order to fundraise for charity – is the annual Construction Industry Adventure Race (CIAR).

Through individual and team challenges such as the CIAR, Careys Foundation has been able to raise over £1.5m for a range of charities. In 2018/19, the five charity partners that we have committed to supporting are:

- Breast Cancer Now
- Evelina London Children's Hospital
- Alzheimer's Society
- Breast Cancer Ireland
- Research Motor Neurone

In addition to its focus on three key areas – community, volunteering and charity – the Foundation also seeks to raise money through a series of high-profile events and partnerships. One such initiative saw Careys Foundation partnering with Careys Plant & Fleet and Hitachi to purchase a new Hitachi Zaxis 225 excavator, which we then sprayed pink in order to raise awareness of and funds for Breast Cancer Now.

Careys Foundation chose to name this piece of heavy construction equipment 'Hope'. We did this in an effort to offer support to and highlight Breast Cancer Now's aspiration and ambition that, by 2050, everyone who develops breast cancer will live and live well.

Throughout this year, Careys is putting the highly visible and noticeable Hope to work at various project sites across the UK, with the goal of drawing attention to the objectives of Breast Cancer Now. Also we will donate all hire rate proceeds that Hope generates to this worthy cause. Through Hope, and various other fundraising events, Careys Foundation aims to raise £50,000 for Breast Cancer Now.

### **Health, Safety, Environment and Quality (HSEQ) Policy**

At the Carey Group, we are not content merely to comply with legislation – we insist upon implementing the highest standards at all times. Only in this way can we make certain that we are doing all that we possibly can to look out for our team members' safety and wellbeing. This approach reflects and furthers our ongoing commitment to be the best in the world at all that we do.

### **Careys visual standards**

In order to adhere to the high levels of health and safety, environment and quality practice that we demand, we have created a comprehensive set of common guidelines and visual standards, in the form of Computer Generated Images (CGIs). These must be followed on all of our sites and across every one of our workspaces.

Careys visual standards provide all our operational teams with highly detailed images that give them the ability to create a controlled and safe environment on-site and within our offices. Additionally, we have created a free-to-download app, which makes it easier to access and review this vital information.

In order to strongly support our more in-depth or high-risk works, we employ the latest digital techniques, including Building Information Modelling (BIM), to design and generate pictorial Risk Assessments and Method Statements (RAMS), 3D models and fly-through videos. This allows us to analyse and break down very complex procedures into easily absorbed information that our site teams can more easily understand and safely carry out.

### **Robust occupational health programme**

To help achieve our unwavering goal of safeguarding the health and wellbeing of our employees – and those that work with or alongside the Carey Group – we have created a pro-active occupational health programme. This programme enables us to:

- Trial and confirm the effectiveness of the 'safe systems of work' control measures we have put in place
- Protect our people from hazards
- Flag any changes in team members' health, long before they can cause long-term health consequences

The importance of taking care of mental health issues has, at long last, been recognised within our industry. At the Carey Group, in order to actively address this crucial healthcare element, we have assigned and trained dedicated Mental Health First Aiders. We have also created an Employee Assist Programme, which allows our people to get the help they need, as required.

Before deploying any new products on our sites, Careys plant and innovation forum trials them, in order to make sure that they are as safe and efficient as possible. In this way we are able to decrease the levels of risk and potential for harm that our people face.

The Carey Group operates a certified health, safety, environment and quality (HSEQ) integrated management system (IMS), which is independently reviewed by an external UK accreditation service (UKAS) registered organisation. This approach helps us to ensure that our own internal, pro-active and re-active monitoring systems remain robust, as we implement them across the Group. It also allows us to quickly identify and rectify any residual areas in need of improvement. We actively take note of – and publicise within the Group – lessons learnt from incidents. This offers us an invaluable tool to prevent similar issues. We take these lessons learnt and use them to produce a series of health and safety initiatives, such as:

- Safe Home Every Day 'SHED Talks' – videos that amplify the processes and procedures that we have formulated as a result of lessons learnt from particular incidents
- Safety Alerts
- Standdowns on site

All of this information is available to everyone in the business on Careys Connect, our intranet system. It is also publicised on Yammer, our internal social media platform. We also utilise Yammer to promote and reward the great work that our people are completing on behalf of the Carey Group. Posts and interactions on Yammer bring us together as a community and act as

an incentive for us to continuously improve our standards. This is a key part of our "invest in better every day" mindset, which is one of the central components of our vision and strategy.

Daily Access Briefings (DABs) and Golden Hour sessions (during which project managers and team members walk the site and discuss issues and solutions) enable our site management teams to closely interact with our site operatives and stay up-to-date on every aspect of project operations each and every day. These valuable interactions allow all of our people – from leadership to team members – to regularly connect with one another and deal with any issues that may arise, as they come up. This allows us to pro-actively address and solve potential challenges, before they can escalate and cause harm to our people or the environment.

At the Carey Group, we firmly believe that training and developing our people is paramount to our continued growth and success. For this reason, our extensive learning and development programmes do not solely focus on compliance training, but also provide behavioural and functional training as well.

SHED, our behavioural safety programme – clearly lays out our baseline approach to health and safety, which is based on everyone looking out for their own safety and the safety of their colleagues. We make sure that all of our people become familiar with SHED and enact it in all of their day to day activities.

In tandem with SHED, we also apply behavioural science principles in order to examine and control the environments in which we function through the adoption of smarter, safer working techniques, practices or equipment. This approach gives us the capability to project and plan out all aspects of our activities and working environment, in order to significantly reduce the amount of risk that our people are exposed to on a daily basis.

We also provide our people with the functional, on-the-job specific and highly detailed, task-specific training that will help them to not only stay healthy and safe, but also attain all the skills, knowledge and expertise they need to excel and be the very best within our industry.

Riddor injuries (like for like) on all group contracts were 16 with an accident frequency rate of 0.17.

At the Careys, we are well aware that the success of our HSEQ programme and training procedures – as well as the realisation of our vision and strategy and goal of being the world's best –can only be achieved through the dedication, professionalism and efforts of the people we attract, train and develop.

## **Sustainability**

We have developed and implemented a set of sustainable processes and behaviours that are central to everything that we do. In fact, sustainability forms a critical component within the Carey Group's decision-making process. To us, it's not enough to just do things differently – we intend to do them better. That means considering carefully the future impact of all our activities and policies.

In 2018/19, after conducting an in-depth review, we launched a Group-wide sustainability strategy, which focuses on five key components that are applicable to all areas of the Carey Group. The aim of this initiative is to make sure that we include a focus on sustainability in all that we do.

The five core pillars of our sustainability strategy are:

### **People**

Without our people, we wouldn't be able to do all the amazing things that we do. We're working to ensure that our workforce is safe, healthy and inclusive, and that we constantly give them the support they need to be their best.

### **Communities**

We want to positively engage with the communities we work in and around, in order to make a great, lasting impact.

### **Nature**

We are committed to doing our part to protect the environment and natural resources from degradation and pollution. It is also our goal to do whatever we can to improve the natural surroundings whenever possible.

### **Materials and Waste**

We source materials and products that are ethically produced and have a sustainable life. Additionally, we will do everything in our power to minimise our waste.

### **Carbon**

We are actively reducing our carbon footprint through investing in smarter technology, and plant and fleet purchases.

## 6. Strategic Report

### Key Financial Indicators

	2019	2018	% change
	£	£	
Contracting turnover	527,076,871	452,931,975	16.37%
Property turnover	25,123,673	32,768,027	-23.33%
Waste turnover	23,127,501	24,775,552	-6.65%
<b>Total turnover</b>	<b>575,328,045</b>	<b>510,475,554</b>	<b>12.70%</b>
Operating profit	2,488,883	19,598,471	-87.30%
Profit before tax	1,572,525	18,678,921	-91.58%
Profit/(Loss) after tax	(1,642,850)	15,979,569	-110.28%
Equity shareholders' funds	97,762,500	97,261,499	0.52%
Average number of employees	1,506	1,364	10.41%

#### Analysis of Key Financial Indicators

Group turnover increased by 12.7% to £575.3m, primarily reflecting an increase in the volume of work delivered by our largest UK contracting division P.J. Carey (Contractors) Limited.

Gross Profit for the Group has decreased by 28% to £55.6m, this reduction is primarily a result of the disappointing performances of our Irish contracting and UK demolition companies. These two companies returned an operating loss of £14.7m and £4.2m respectively. These losses were attributable to four significantly under-performing contracts. Given the quantum of these contractual losses on the performance of the Group for the year, we have separated them out in our Profit and Loss Account to assist the readers in better appreciating the performance of the Group before the impact of these contracts is reflected. We have taken swift and decisive action in ring-fencing the issues within these two companies.

The reduction in our pre-tax profit to £1.57m again reflects the unacceptable performance in our Irish contracting company and our UK demolition company, without these exceptional items the pre-tax profit would be £13.8m.

Other Operating Income for the Group increased by 120% to £9.1m, this predominately reflects the re-valuations undertaken across our property portfolio of £7.5m.

The tax charge has increased in the year by £0.5m (+19%), primarily due to the timing differences arising on deferred tax.

Tangible Assets have increased in the year by £10.2m (+16%) primarily due to an increase in our existing property valuations of £9m.

Investment properties have increased in the year by £6.4m, this net increase consists of a reduction due to re-classification to Land and Buildings of (£2m), and increases of £7.5m for revaluations undertaken in the year and £1m of additions in the year.

Debtors have increased by £16.1m (+19%) as compared to prior year. This is in line with the increased turnover generated primarily through P.J. Carey (Contractors) Limited.

Movements in Cash in Bank is reflected through the cashflow statement.

Short term creditors have increased by £28.6m (+24%), this is in line with an increase in normal trading activities.

Long term creditors have decreased by £10.3m (-47%) primarily due to the repayments of Bank loans and transfer of bank loan from long term liabilities to short term liabilities.

## 6. Strategic Report

### Group Companies Update

#### **PJ Carey (Contractors) Limited (Registered in the UK) – (Careys Civil Engineering)**

PJ Carey (Contractors) Limited (Registered in the UK) has a proven track record of delivering projects that enhance the built and natural environments, communities and infrastructure of the UK. Our teams have played an integral part in the construction of basements and superstructures, developing inspirational landscapes and building reliable infrastructure across a wide range of sectors.

PJ Carey (Contractors) Limited (Registered in the UK) continues to exhibit the behaviours defined in the Group's strategy and vision. The team constantly strives to improve processes and methods of working, and their approach to health and safety is widely recognised as industry-leading. We are constantly looking to elevate the brand and our position in the market.

PJ Carey (Contractors) Limited (Registered in the UK) delivered revenue for year ending 31st March 2019 of £388.5m (2018: £302m) and an operating profit of £16.3m (2018: £15.0m).

Our forward order book remains strong with £253m of secured work for 2019/20 with blue-chip clients which include All England Lawn Tennis & Croquet Club, CNIM, Siemens and the London Development Agency and our forecast turnover for next financial year remains at £420m.

#### **Careys Design Team Limited – (Careys Design Team)**

Careys Design Team Limited enable our clients to take projects from a digital concept to reality. Our collaborative approach to working removes risk and provides our clients with full reassurance in the integrity of crucial design elements for their projects.

PJ Carey (Contractors) Limited (Registered in the UK) profile in the marketplace continues to be enhanced by Careys Design Team Limited, which provides digital engineering and technical expertise to customers at the design and risk-review stage of a project. The fully integrated offering brought by Careys Design Team Limited and PJ Carey (Contractors) Limited (Registered in the UK) in end-to-end design and build is proving attractive to many customers who want a one-stop-shop for their project design and delivery.

Formed in 2015, Careys Design Team Limited now employ 34 employees and whilst being predominately internally facing, delivered

revenue for year ending 31st March 2019 of £2.6m (2018: £2.0m) and an operating profit of £0.2m (2018: £0.2m). We are highly encouraged by the impact this team is having through their delivery of excellence and the significant role they will play in the future, positively impacting the complexity of projects the Group targets and strengthening our platform for continued growth.

#### **T E Scudder Limited – (Scudder Demolition)**

T E Scudder Limited is a specialist contractor with extensive experience of delivering complex demolition, deconstruction and civils enabling works for multiple sectors across the UK. Our long-standing history has embedded a deep understanding of delivering works in a range of environments and enables us to provide clients with an expert understanding of demolition to deliver works safely and effectively.

The way the T E Scudder Limited's team is integrating with ION Environmental Solutions Limited and PJ Carey (Contractors) Limited (Registered in the UK) is first-class. The teams are working seamlessly together towards a collective end goal and the integrated project model is working well.

In 2018 a conscious decision was made to target and deliver civil engineering projects which included complex demolition and/or asbestos removal requirements as PJ Carey (Contractors) Limited (Registered in the UK), to better leverage the complementary services of the Group through an integrated project model. This approach has resulted in excess of £30m of demolition related works being reported within PJ Carey (Contractors) Limited's (Registered in the UK) turnover as they took the lead in bidding and are managing the delivery of these major projects. This approach has been continued in 2019/20 as we bid for further works.

T E Scudder Limited delivered revenue for year ending 31st March 2019 of £38.2m (2018: £46.0m) and an operating loss of (£4.2m) (2018: £3.2m). Losses are predominately attributable to the performance of two demolition contracts which were cautiously valued and are now substantially complete. We are now committed to working with each client to recover our full entitlement through the mechanisms of the contract and expect to close out these issues and see T E Scudder Limited return to gross profit in 2019/20.



### **Seneca Environmental Solutions Limited – (Seneca Resource Recovery)**

Seneca Environmental Solutions Limited is a leading UK waste and resource recovery company specialising in the production, brokerage and international export of refuse derived fuel (RDF). Seneca is now one of the UK's largest RDF exporters and has firmly established itself as a trusted fuel supply partner to several of Europe's leading Energy from Waste (EfW) plants.

The Seneca Environmental Solutions Limited team understands and exhibits the behaviours defined by the Group's strategy and vision and are working hard to improve their facilities, operational processes and working environment.

Seneca Environmental Solutions Limited's delivered revenue for year ending 31st March 2019 of £26.9m (2018: £27.4m) and an operating profit of £0.6m (2018: £1.6m). This is the result of reduced gate receipts, which have been compounded by decreased offtake capacity, partially due to line closures at energy from waste (EfW) facilities in the EU market.

Seneca Environmental Solutions Limited has however, secured a number of new clients and won a renewable RDF offtake contract with a client in Germany.

### **ION Environmental Solutions Limited (formally TES Asbestos Solutions Limited) – (ION Environmental)**

ION Environmental Solutions Limited provide excellence in asbestos identification and removal. As a full-service, licensed asbestos removal contractor, we specialise in delivering compliant and high-quality solutions which meet the needs of our clients across the UK.

The work being carried out by ION Environmental Solutions Limited across all sites is of the highest standards and clients are seeing them as a reliable and professional addition to the Carey Group and the integrated project model. The team recently passed their ARCA audit with flying colours and after securing a three-year license are now building their reputation and order book which is in its healthiest shape to date.

ION Environmental Solutions Limited delivered revenue for year ending 31st March 2019 of £2.2m (2018: £2.6m) and an operating loss of (£0.1m) (2018: (£1.0m)).

Their early involvement in construction projects will provide the Group with timely insights into potential new contract opportunities for other parts of the Group.

### **BDL Group plc – (BDL Dry Lining)**

BDL Group plc is one of the largest specialist dry lining contractors in the UK. Contracts are delivered through commercial and residential divisions, with services including drywall suspended ceilings and plaster finishes, and bathroom fit-out packages.

Following the appointment of Lee Daniels to the position of Managing Director, Lee has empowered his team to lead their respective areas of the company and has created an open and collaborative environment where the team constantly pushes for improvements through process and work-winning.

BDL Group plc are widely regarded as a leading dry lining company and delivered revenue for year ending 31st March 2019 of £78.9m (2018: £86.3m) and an operating profit of £1.1m (2018: £3.1m).

BDL Group plc have a strong order book for next financial year, which includes £65m of secured work-in-hand with several blue-chip clients including Google, St George and Skanska.

### **PJ Carey (Contractors) Ltd (Registered in Ireland) – (Careys Building & Civil Engineering)**

PJ Carey (Contractors) Ltd (Registered in Ireland) delivers an extensive range of engineering, build and construction services for public and private sector clients across the Republic and Northern Ireland. We focus on project safety, performance and quality utilising our knowledge and experience across a range of sectors.

The performance of the Irish business has fallen below the expectations of the Shareholders and resulted in a strategic review being undertaken within the year. This review has resulted in a number of immediate actions being implemented whilst the current delivery teams are supported to continue to deliver the work in accordance with our values and the Carey Way.

PJ Carey (Contractors) Ltd (Registered in Ireland) delivered revenue for year ending 31st March 2019 of €36.1m (2018: €28.4m) and an operating loss of (€16.7m) (2018: €0.9m)

Losses are predominately attributable to the performance of two contracts, works to these contracts will be substantially completed in Quarter 2 2019. We are now committed to working with the client to recover our full entitlement through the mechanisms of the contract and expect to close out these issues and see PJ Carey (Contractors) Ltd (Registered in Ireland) return to gross profit in 2019/20.

**Careys New Homes Limited (formally Maxplan Properties Limited) – (Careys New Homes)**

Careys New Homes Limited is a home builder that specialises in creating new build developments in desirable locations across Southern England. We pride ourselves on building premium quality, contemporary homes that create communities, developments and great environments for people to live and enjoy life.

In 2018 the decision was made to restructure Careys New Homes Limited and set a new direction for the business. To achieve this in 2019 and onwards, we have been working with a development company who are supporting us to shape a fresh business model for Careys New Homes Limited.

Careys New Homes Limited delivered revenue for year ending 31st March 2019 of £23.3m (2018: £26.2m) and an operating profit of £6.3m (2018: £1.5m).

Whilst the market has slowed, due to the uncertainty of the political market, the sales team is in the process of building a strong pipeline of future reservations.

Careys New Homes Limited has a development land bank of £47.6m, securing a positive future and the ability to help shape the communities we create in years to come.

**PJ Carey Plant Hire (Oval) Limited (Careys Plant & Fleet)**

PJ Carey Plant Hire (Oval) Limited continues to remain the cornerstone of our self-delivery model, maintained a fleet of over 750 vehicles and more than 2,500 items of plant providing cost-effective solutions for our clients.

PJ Carey Plant Hire (Oval) Limited delivered revenue for year ending 31st March 2019 of £42.5m (2018: £37.3m) and an operating profit of £0.5m (2018: £0.9m).

**Careys Shared Equity Limited**

Mortgage Provider

Turnover £0.0m (2018: £0.2m) profit £0.0m (2018: £0.1m)

**Careys 35 Baird Street Limited**

Property management services

Turnover £0.3m (2018: £0.1m) profit £1.0m (2018: £0.1m)

**Careys 1 Hand Axe Yard Limited**

Property management services

Turnover £0.6m (2018: £0.2m) profit £3.4m (2018: £0.1m)

**Careys Estates Doon (Registered in Ireland)**

Property development company

Turnover €2.0m (2018: €7.3m) profit €0.0m (2018: €1.0m)

**Careys Environmental Services Limited (Registered in Ireland)**

Property development company

Turnover €0.0m (2018: €0.0m) profit/loss (€0.3m) (2018: €0.2m)

## 6. Strategic Report

### Risk

#### Risk

The principal risks inherent in the Group's business model, include:

- Interest rate risk
- Credit risk
- Liquidity risk
- Currency risk
- Health and safety risk
- Competitive risk
- Project delivery risk
- Ability to appoint and retain talented people
- Defined benefit pension scheme liability
- IT systems, data and cyber security risks
- Political uncertainty

#### Interest Rate Risk

The Carey Group borrows at both fixed and variable rates of interest, in order to finance our purchases of development sites and fixed assets. Interest rate increases necessarily create a negative cashflow impact. This may affect the viability of speculative projects, since all of our development finance is based on variable rates.

**Mitigation** - By monitoring key ratios, such as interest cover and loan-to-value percentages, it is possible to manage this risk. As part of the viability analyses that we routinely carry out on prospective development sites, we factor in potential rate increases to stress test the results.

Because the Carey Group does not use derivative financial instruments to manage this risk, it is not necessary to apply any hedge accounting.

#### Credit risk

If our customers prove unable to pay our accounts as they fall due, this poses a risk to the Group.

**Mitigation** - We have implemented policies that require credit checks on potential customers, before contracts can be entered into. In particular cases, when if a customer's net worth fails to satisfy our financial credit requirements, we may request the provision of further financial securities, in order to bolster our credit position. In respect to our already active contracts, we employ on-going strong credit and cash flow management across the Group.

#### Liquidity risk

The Carey Group funds its operating activities through retained profits, overdraft and fixed term bank borrowings. Therefore, changes in any of these elements could cash flow and liquidity impacts.

**Mitigation** - Our finance team actively monitors and stress tests our cash flow projections, as part of our cash flow maintenance routine. We maintain close communication with the Group's bankers, in order to ensure that the Group has sufficient available working capital for its operations - both present and future. We also employ strong credit and cash flow management with all of our active contracts. Additionally, the Board regularly reviews our funding conditions and arrangements.

#### Currency risk

Because the Carey Group maintains operations in the Republic of Ireland, we have transactions, which are denominated in € Euro currency. These transactions equate to 5% of our turnover.

**Mitigation** - The Group manages this risk by using € Euro income to pay € Euro expenses.

One of the Carey Group's companies - Seneca Environmental Solutions Ltd - is exposed to foreign exchange transaction risk. This is because its cash flows may be adversely affected by movements in exchange rates that will increase the GBP Sterling value of foreign currency payables.

**Mitigation** – Seneca manages this foreign exchange transaction risk through the use of hedging instruments, such as forward contracts. The primary purpose of this hedging activity is to mitigate risks and achieve the budgeted translation rate.

### **Health and safety risk**

Our Group of companies operate in locations and environments with elements that have the potential to cause serious injury to our direct staff, subcontractors, customers or members of the general public.

**Mitigation** – We have a robust integrated management system, which is certified to ISO9001, 14001 and OHSAS18001. Our operational teams use their knowledge, training and experience to implement these approved systems and follow the hierarchy of risk control (eliminate, reduce, isolate, control), in order to mitigate risk. The success of our mitigation strategy relies on our detailed planning of safe systems of work, our proper deployment of these plans and our constant monitoring of their effectiveness. We monitor these systems both proactively – through internal and external audits, and inspections – and reactively, through conducting accident, incident and near-miss investigations. We are also committed to reducing risk through regularly sharing improvements and lessons learnt throughout the business. This process is described in detail the “Plan, Do, Check, Act” model, which is in widespread used throughout the Carey Group.

### **Competitive risk**

It is well-known that the construction industry is highly competitive. While factors such as experience, quality and ability are taken into consideration by potential clients at tender stage – price is usually the predominant criteria in the contractor selection process. We have to be competitive if we are to successfully win new work.

**Mitigation** – At the Carey Group, we believe it is important to ‘know our value’ and to not sell services below this value. As a result, we are very selective about our tender process – we will only target projects where we are certain that we can effectively manage our costs and control risks, in order to be assured that we can attain our required margin. Even though price is a major factor in the selection process across the industry, we nevertheless continue to win repeat work from clients. This is because they value the other benefits we bring to a contract, such as our elevated efficiency and consistently high level of quality. We also reduce our competitive risk by offering an extraordinarily diversified offering, which is relatively rare in the UK construction industry.

### **Project Delivery Risk**

Should circumstances result in any unexpected project delays, this could expose the Group to additional costs and litigation.

**Mitigation** – We apply a project-delivery risk management process from the very earliest stage of each project that we undertake. This consists of checking and following up on a clear list of pre-identified risks and opportunities – both common and specific – which we have created from our many years of project experience.

Our project-delivery risk management system begins even before we have been awarded a contract, when we receive the invitation to tender (ITT). The ITT is passed to various departments within our organisation, which conduct reviews of the sections of the documents that are relevant to their areas of expertise.

### **Ability to appoint and retain talented people**

The Carey Group’s success relies heavily on our ability to attract, retain and promote the success of the right people, with the right skills, in the right role, at the right time. If we fail to do this, we run the risk of losing valued skills and capabilities. This could not only impact our short-term performance, but also seriously hamper our ability to grow the business as according to our plans and goals.

**Mitigation** – In order to successfully realise Careys’ strategy and vision, in accordance with our values, it is absolutely critical that we properly develop, motivate and encourage the right behaviours from our people and leaders.

In addition, whenever appropriate, we supplement our internal skills by bringing in selected additional resources. In these instances, we are careful that those resources have the correct competencies we require and share our values.

### **Defined benefit pension scheme liability**

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

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

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

### **IT systems, data and cyber security risks**

As with most other 21st-century businesses, the Carey Group relies heavily on the correct functioning of our IT network, in order to continue to trade efficiently and effectively. As a result, any significant damages to or breaches of our key systems could severely curtail our project delivery capabilities. Other potential, negative IT issues include the loss of confidential data or the reduction or stoppage of Group service functions. All of these IT-related circumstances could cause substantial brand damage.

**Mitigation** – We are dedicated to ensuring that all Carey Group information systems are secure and fully compliant with the requirements of the Data Protection Act, the Computer Misuse Act and (at the level of principles) the International Standard for Information Security ISO270001:2005 and GDPR. We also make it a priority to educate all our employees about the need to maintain secure systems and their specific responsibilities in this area.

### **Political uncertainty**

The impact of Brexit continues to create uncertainty in the UK economy. This may result in clients delaying, curtailing or cancelling proposed and existing projects. It may also increase the level of counter-party credit and potential currency risk faced by the Group.

### **Mitigation**

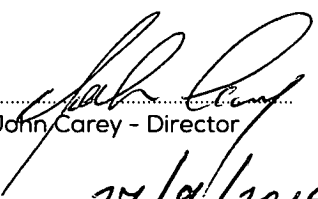
The Group continues to monitor the UK's progress towards Brexit and will further review its plans to respond to a range of potential scenarios. This includes plans that cater for changes in market conditions, complications with the movement and availability of our workforce, pressure on the supply chain, delays in delivery of materials and components, changes in exchange rates and pricing impact of increased tariff and commodity costs. The Group has analysed the forward order book and does not see a significant impact on current or future projects. The Group does not deliver any contract, projects or services to any other country in the EU apart from our Irish operations.

### **Approval of Strategic Report**

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

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

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

  
.....  
Mr John Carey - Director  
Date: 27/9/2019



## 7. Directors' Report

YE 31st March 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

### Dividends

An interim dividend of £3,000,000 was paid during the year (2018: £Nil) and the directors do not recommend that a final dividend is paid.

### Consolidated financial results

The group's key financial indicators were as follows:

	2019	2018	% change
	£	£	
Contracting turnover	527,076,871	452,931,975	16.37%
Property turnover	25,123,673	32,768,027	-23.33%
Waste turnover	23,127,501	24,775,552	-6.65%
<b>Total turnover</b>	<b>575,328,045</b>	<b>510,475,554</b>	<b>12.70%</b>
Operating profit	2,488,883	19,705,805	-87.30%
Profit before tax	1,572,525	18,678,921	-91.58%
Loss after tax	(1,642,850)	15,979,569	-110.28%
Equity shareholders' funds	97,762,500	97,261,499	0.52%
Average number of employees	1,506	1,364	10.41%

### Directors

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

Thomas Carey

Patrick Carey

John Carey

John Anthony Carey

Alan McCarthy

Paul Johnson

Denis Deacy - Resigned on 29th July 2019.

## Company Secretary

F O'Donnell

## Political and charitable contributions

The group is proud to support a number of charities in their vital work. Contributions totalling £331,156 (2018: were £228,934) made during the year. No political donations were made during the year (2018: £nil).

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

The directors are 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## Directors' confirmations

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

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

  
Mr John Carey - Director

Date: 27/9/2019



## 8. Independent auditors' report to the members of Carey Group PLC

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Carey Group PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Director's Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 March 2019; the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

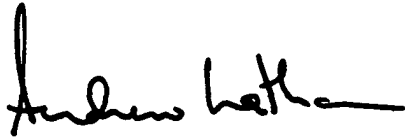
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### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

27th September 2019

## 9. Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income  
for the Year Ended 31 March 2019

		2019 Before Exceptional Items	2019 Exceptional Items	2019 After Exceptional Items	2018
	Notes	£	£	£	£
Turnover	4	540,302,681	35,025,364	575,328,045	510,475,554
Cost of sales		(472,476,658)	(47,272,550)	(519,749,208)	(433,349,654)
Gross profit		67,826,023	(12,247,186)	55,578,837	77,125,900
Administrative expenses		(62,195,599)	-	(62,195,599)	(61,656,880)
Other operating income	5	9,105,645	-	9,105,645	4,129,451
Operating profit	7	14,736,069	(12,247,186)	2,488,883	19,598,471
Income from other participating interests		79,382	-	79,382	
Interest receivable and similar income		35,432	-	35,432	6,453
Interest payable and similar expenses	8	(1,031,172)	-	(1,031,172)	(926,003)
Profit before taxation		13,819,711	(12,247,186)	1,572,525	18,678,921
Tax on profit	9	(3,215,375)	-	(3,215,375)	(2,699,353)
(Loss)/profit after tax for the financial year		10,604,336	(12,247,186)	(1,642,850)	15,979,569
Other comprehensive income					
Actuarial (loss)/gain		(1,402,000)	-	(1,402,000)	879,000
Retranslation of foreign subsidiaries		(1,072,202)	-	(1,072,202)	486,351
Revaluation of land and buildings		8,910,186		8,910,186	2,833,565
Total tax on components of other income		(1,292,133)	-	(1,292,133)	(673,543)
Other comprehensive income for the year, net of income tax		5,143,851		5,143,851	3,525,373
Total comprehensive income for the year		15,748,187	(12,247,186)	3,501,001	19,504,942
(Loss)/Profit attributable to:					
Owners of the parent		10,604,336	(12,247,186)	(1,642,850)	15,979,569
Total comprehensive income attributable to:					
Owners of the parent		15,748,187	(12,247,186)	3,501,001	19,504,942

## 9. Financial Statements

### Consolidated Statement of Financial Position

for the Year Ended 31 March 2019

		2019	2018 Restated
	Notes	£	£
<b>Fixed assets</b>			
Intangible assets	11	2,080,175	1,144,543
Tangible assets	12	73,299,621	63,073,967
Investments - Joint Venture	13	79,382	-
Investment property	14	26,150,000	19,800,000
		<b>101,609,178</b>	<b>84,018,510</b>
<b>Current assets</b>			
Stocks	15	57,176,188	59,029,245
Debtors	16	101,063,199	84,953,285
Investments	17	63,005	54,178
Deferred tax		1,981,420	1,329,517
Cash at bank		5,617,433	15,106,379
		<b>165,901,245</b>	<b>160,472,604</b>
<b>Creditors</b>			
Amounts falling due within one year	18	(146,976,251)	(118,361,808)
<b>Net current assets</b>		<b>18,924,994</b>	<b>42,110,796</b>
Total assets less current liabilities		<b>120,534,172</b>	<b>126,129,306</b>
<b>Creditors</b>			
Amounts falling due after more than one year	19	(11,417,742)	(21,724,532)
Deferred tax		(5,912,930)	(2,956,275)
<b>Pension liability</b>	23	<b>(5,441,000)</b>	<b>(4,187,000)</b>
<b>Net assets</b>		<b>97,762,500</b>	<b>97,261,499</b>
<b>Capital and reserves</b>			
Called up share capital	22	250,000	250,000
Revaluation reserve		16,511,165	7,895,329
Other reserves		2,953,891	2,953,891
Retained earnings		78,047,444	86,162,279
Shareholders' funds		<b>97,762,500</b>	<b>97,261,499</b>

The financial statements on pages 25 to 54 were approved by the Board of Directors on .....  
 ..and were signed on its behalf by:

  
**John Carey - Director**

The prior year comparative balance sheets have been restated for presentation purposes.

The notes on pages 32 to 54 form part of these financial statements

## 9. Financial Statements

### Company Statement of Financial Position

for the Year Ended 31 March 2019

	Notes	2019 £	2018 Restated £
<b>Fixed assets</b>			
Investments	13	2,001,356	2,001,304
		<b>2,001,356</b>	<b>2,001,304</b>
<b>Current assets</b>			
Debtors	16	79,676,601	73,830,828
Deferred tax		927,574	711,966
Investments	17	5,000	5,000
Cash at bank		113,833	8,009
		<b>80,723,008</b>	<b>74,555,803</b>
<b>Creditors</b>			
Amounts falling due within one year	18	(1,780,360)	(1,514,649)
<b>Net current assets</b>		<b>78,942,648</b>	<b>73,041,154</b>
<b>Total assets less current liabilities</b>		<b>80,944,004</b>	<b>75,042,458</b>
<b>Creditors</b>			
Amounts falling due after more than one year	19	(71,494,228)	(67,530,803)
Pension liability	23	(5,441,000)	(4,187,000)
<b>Net assets</b>		<b>4,008,776</b>	<b>3,324,655</b>
<b>Capital and reserves</b>			
Called up share capital	22	250,000	250,000
Retained earnings		3,758,776	3,074,655
<b>Shareholders' funds</b>		<b>4,008,776</b>	<b>3,324,655</b>
Company's profit for the financial year		<b>4,847,781</b>	<b>10,193</b>

The financial statements were approved by the Board of Directors on 27/9/2019 and were signed on its behalf by:

  
John Carey - Director

The prior year comparative balance sheets has been restated for presentation purposes.

## 9. Financial Statements

### Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Other reserve £	Total equity £
Balance at 1 April 2017	250,000	67,673,122	6,876,661	2,956,774	77,756,557
Changes in equity					
Profit for the year	-	15,979,569	-	-	15,979,569
Other comprehensive income	-	1,470,588	2,057,668	(2,883)	3,525,373
Reserves Transfer	-	1,039,000	(1,039,000)	-	-
Balance at 31 March 2018	250,000	86,162,279	7,895,329	2,953,891	97,261,499
Changes in equity					
(Loss)/Profit for the year	-	(1,642,850)	-	-	(1,642,850)
Other comprehensive income	-	(2,821,985)	7,965,836	-	5,143,851
Reserves Transfer	-	(650,000)	650,000	-	-
Dividends Paid	-	(3,000,000)	-	-	(3,000,000)
Balance at 31 March 2019	250,000	78,047,444	16,511,165	2,953,891	97,762,500

## 9. Financial Statements

### Company Statement of Changes in Equity

for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Total reserve £
Balance at 1 April 2017	250,000	2,334,892	2,584,892
Changes in equity			
Total comprehensive income	-	10,193	10,193
Actuarial gain on pension	-	729,570	729,570
Balance at 31 March 2018	250,000	3,074,655	3,324,655

Changes in equity			
Total comprehensive income	-	4,847,781	4,847,781
Actuarial loss on pension	-	(1,163,660)	(1,163,660)
Dividends paid	-	(3,000,000)	(3,000,000)
Balance at 31 March 2019	250,000	3,758,776	4,008,776

## 9. Financial Statements

### Consolidated Statement of Cash Flows

for the Year Ended 31 March 2019

	Notes	2019 £	2018 Restated £
<b>Cash flows from operating activities</b>	1		
Cash generated from operations		13,245,796	13,204,855
Tax paid		(2,659,986)	(2,420,425)
Net cash from operating activities		10,585,810	10,784,430
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(4,640,367)	(15,230,490)
Purchase of intangible fixed assets		(958,309)	(1,140,037)
Sale of tangible fixed assets		685,625	309,286
Purchase of investment property		(916,526)	-
Interest received		35,432	6,453
Net cash from investing activities		(5,794,146)	(16,054,788)
<b>Cash flows from financing activities</b>			
Finance Lease Repayments		(4,018,412)	(3,528,759)
Proceeds from issue of Bank loan		-	10,725,000
Repayment of Bank borrowing		(6,212,359)	(6,308,445)
Interest Paid		(778,925)	(654,166)
Interest Element of HP and Finance Lease Rental Paid		(252,247)	(271,836)
Equity dividends paid		(3,000,000)	-
Net cash from financing activities		(14,261,943)	(38,206)
<b>Decrease in cash and cash equivalents</b>		<b>(9,470,279)</b>	<b>(5,308,564)</b>
<b>Cash and cash equivalents at begin-ning of year</b>		<b>15,106,379</b>	<b>20,152,304</b>
<b>Exchange losses on Cash and cash equivalents</b>		<b>(18,667)</b>	<b>262,641</b>
<b>Cash and cash equivalents at end of year</b>		<b>5,617,433</b>	<b>15,106,379</b>



## 9. Financial Statements

### Notes to the Consolidated Statement of Cash Flows

#### For the Year Ended 31 March 2019

##### 1. Reconciliation of (loss)/profit for the financial year to cash generated from operations

	2019 £	2018 Restated £
(Loss)/profit for the financial year	(1,642,850)	15,979,569
Tax on (Loss)/Profit	3,215,375	2,699,353
Net interest Expense	995,740	919,550
Income from other participating interests	(79,382)	-
<b>Operating Profit</b>	<b>2,488,883</b>	<b>19,598,471</b>
Depreciation charges	8,182,166	6,748,489
Amortisation Charges	19,253	-
Profit on disposal of fixed assets	(128,753)	(157,687)
Revaluation of investment properties	(7,450,985)	(3,215,000)
Revaluation of Investments	(8,827)	-
Foreign exchange difference	277	2,513
Defined Benefit Pensions Charge	572,000	132,000
<b>Operating Cashflows before movements in working capital</b>	<b>3,674,015</b>	<b>23,108,787</b>
<b>Working Capital Movements</b>		
Deficit to Pension Fund	(720,000)	(720,000)
Decrease in stocks	1,789,115	2,513,049
Increase in trade and other debtors	(18,780,066)	(2,658,995)
Increase/(decrease) in trade and other creditors	27,282,732	(9,037,986)
<b>Cash generated from operating activities</b>	<b>13,245,796</b>	<b>13,204,855</b>

It is our intention to provide accurate and informative financial statements that can be relied upon by our internal and external stakeholders. Following an initial enquiry review letter from the Financial Reporting Council's Corporate Reporting Review team we have engaged with them to ensure our Financial statements are in line with best practice and we have welcomed their suggestions on improvements. Their review was limited to our filed Financial Statements as they do not have a detailed knowledge of our business. Our treatment of finance leases within our cashflow statement was an area they identified as needing updating to comply with requirements under FRS102. We have opted to restate the comparative figures for last year to reflect these rules.

The effect of this has been the following:

Increase in net cash generated from operating activities of £663,362.

Reduction in net cash outflowing from investing activities of £4,791,668.

Reduction in net cash inflow from financing activist of £5,717,670.

## 9. Financial Statements

### Notes to the Consolidated Financial Statements

#### Notes to the Consolidated Financial Statements for the Year Ended 31 March 2019

##### 1. Statutory information

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

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

##### 2. Statement of compliance

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

##### 3. Accounting policies

###### Basis of preparing the financial statements

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

###### Basis of consolidation

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

###### Going Concern

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

###### Turnover

Turnover comprises goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Turnover is recognised on long term contracts as the activity progresses. Income is accrued where the level of activity exceeds amounts invoiced to customers and income is deferred where the level of activity is less than the amounts invoiced to that respective customer. The whole of the turnover is attributable to general building and contract works. All turnover arose within the United Kingdom and Ireland.

###### Long-term Contracts

Cash received on accounts of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities and charges. Amount recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts.

### **3. Accounting policies – continued**

#### **Housing Revenue**

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

#### **Design Revenue**

Turnover on design is recognised as the value of the service provided.

#### **Waste management revenue**

Turnover on waste management is recognised as the date the waste is delivered to the recycling site.

#### **Intangible fixed assets and amortisation**

The Group recognises an intangible asset as an asset if, and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- (b) the cost or value of the asset can be measured reliably.

Amortisation is charged to administrative expenses in the statement of profit and loss. Costs associated with maintaining computer software are recognised as an expense as incurred.

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

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

#### **Tangible fixed assets and depreciation**

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

Freehold Property – straight line depreciation over 50 years

Freehold land – 0% per annum

Plant and machinery – 10 – 25% per annum reducing balance/straight line

Fixtures and fittings – 10 – 25% per annum reducing balance/straight line

Historically Carey Group depreciated their plant and machinery assets using a 25% reducing balance method. In 2015 it was decided that all future plant and machinery acquisitions would be depreciated on a straight-line basis over 4 or 5 years.

At the same time, it was also decided that the existing plant and machinery assets would remain on the reducing balance method as there were a large number of separate assets involved and we considered it did not warrant the administration challenge of changing their individual depreciation charge set up and any change would not significantly impact the depreciation charge recorded. The net book value of such assets amounted to £2.6m as at the 31 March 2019. There is no material difference on the results for the year from the depreciating these assets on a reducing balance, rather than a straight line basis.

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

### **3. Accounting policies – continued**

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

The asset residual values, carry values and useful lives are reviewed on an annual basis and adjusted if appropriate at each statement of financial position date.

#### **Investments**

Investments in subsidiaries are valued at cost less provision for impairment. Other investments, held as fixed assets, are shown at cost less provision for impairment.

#### **Investment Properties**

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

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

#### **Investments – Joint Ventures and joint operations**

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

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

#### **Inventories and work in progress**

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

Raw materials, consumables and goods for resale are valued at purchase cost on a first in, first out basis.

Work in progress on development sites are valued at cost of direct materials and labour plus attributable overheads.

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

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

### **3. Accounting policies – continued**

#### **Foreign currency**

- Functional and presentation currency

The Group and Company's financial statements are presented in pounds sterling.

- Transactions and balances

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

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

- Translation

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

#### **Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

- Current tax

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

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

- Deferred tax

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. To provide greater visibility to deferred tax balances they are separated out in the statement of financial position. Comparative figures have been restated to accord with this presentation.

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

#### **Employee benefits**

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

### **3. Accounting policies – continued**

#### **Pensions**

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

The company also participates in the Carey Group Plc Pension Scheme, a multi-employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. The scheme ceased future pension accrual for active members from 31 March 2006 and became paid up. The assets of the defined benefit pension scheme are held separately from those of the company in an independently managed fund. The scheme is accounted for by the company as if it were a defined contribution scheme as outlined in note 23 to the financial statements.

#### **Claims and retentions receivable**

No account is taken of claims submitted or to be submitted on completed contracts until revenue in respect of the claims is received. Revenue from the release of retention monies is similarly recognised only when received.

#### **Leasing and hire purchase**

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

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

#### **Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **Cash and cash equivalents**

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

#### **Share capital**

Ordinary shares are classified as equity.

#### **Exceptional Items**

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

### **3. Accounting policies – continued**

#### **Distributions to equity holders**

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

#### **Related party transactions**

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

#### **Borrowing costs**

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

#### **Interest income**

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

#### **Financial instruments**

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

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

#### **Critical accounting judgements and estimation uncertainty – continued**

under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual result may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- (i) Estimation of costs to complete and contract provisions.

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

However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. Amounts recoverable on construction contracts are disclosed in note 16.

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

### 3. Accounting policies – continued

#### (ii) Retirement benefit obligation valuations

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

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

The group is exposed to risks through its defined benefit schemes if actual experiences differs from the assumptions used and through volatility the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 23.

### 4. Turnover

Analysis of Turnover by Geography	2019 £	2018 £
United Kingdom	542,143,235	479,464,692
Ireland	33,184,810	31,010,862
<b>Total</b>	<b>575,328,045</b>	<b>510,475,554</b>

Analysis of Turnover by Category	2019 £	2018 £
Contracting	527,076,871	452,931,975
Property Development	25,123,673	32,768,027
Waste Recycling	23,127,501	24,775,552
<b>Total</b>	<b>575,328,045</b>	<b>510,475,554</b>



## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 5. Other operating income

	2019 £	2018 £
Sundry Income	158,688	-
Rental Income	1,269,956	914,451
Profit on sale of fixed assets	128,753	-
Revaluation of Investment Property	7,548,249	3,215,000
	<b>9,105,645</b>	<b>4,129,451</b>

#### Rental Income

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

Basis	2019 £	2018 £
Less than 1 year	1,394,473	1,009,638
Between 1 and 5 years	3,772,020	1,908,000
Greater than 5 years	1,670,453	1,908,000

No contingent rents were recognised as income during the year. The leasing arrangements included a 3-month rent free period if 10-year break is not exercised. The leasing arrangements are reviewed after every 5 years and a mutual break option at the end of the 10 year. The leasing arrangements contain the mutual break option at the end of the 10 years provided that a 12-month notice has been given.

### 6. Employees and directors

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

	2019	2018
Administration	250	225
Managerial	516	513
Technical	346	316
Operations	394	310
	<b>1,506</b>	<b>1,364</b>

	2019 £	2018 £
Wages and salaries	81,360,753	69,549,924
Social security costs	13,955,118	8,115,515
Other pension costs	3,196,859	1,577,787
<b>Staff costs</b>	<b>98,512,730</b>	<b>79,243,226</b>

## Notes to the Consolidated Financial Statements – continued for the Year Ended 31 March 2019

### 6. Employees and directors – continued

	2019 £	2018 £
Directors' remuneration	2,290,886	4,435,505

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	3
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The remuneration of the highest paid director for the year was £403,242 (2018: £502,501).

### 7. Operating profit

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

	2019 £	2018 £
Depreciation	8,182,166	5,793,052
Amortisation	19,253	2,907
Profit on disposal of fixed assets	(128,753)	(119,100)
Fees payable to the auditor's in respect of group's annual accounts	170,000	182,400
Taxation compliance services	43,000	43,000
Foreign exchange differences	256,833	(50,185)

### 8. Interest payable and similar expenses

	2019 £	2018 £
On bank loans, overdraft and other loans wholly repayable within 5 years	778,849	654,167
On finance leases and hire purchase contracts	252,323	271,836
	1,031,172	926,003

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 9. Taxation

Analysis of tax charge in the year

	2019 £	2018 £
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,220,627	3,197,630
Foreign tax suffered	4,387	2,481
Adjustments in respect of prior periods	(23,115)	(1,858,587)
Foreign tax adjustment in respect of prior periods	859	-
Other/Rounding's	-	2
Total current tax	2,202,758	1,341,526

Deferred tax		
Origination and reversal of timing differences	1,086,174	514,451
Effect of changes in tax rates	(114,335)	(54,154)
Adjustment in respect of prior years	40,778	897,530
	1,012,617	1,357,827
Tax on profit on ordinary activities	3,215,375	2,699,353

Analysis of tax charge in the year included in other comprehensive income

Deferred tax		
Origination and timing differences on pension liability	(238,340)	149,430
Origination and timing differences on revaluation	1,530,473	524,113
Origination and timing differences	1,292,133	673,534

**9. Taxation – continued**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,572,525	18,678,921
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	298,779	3,548,994
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairments	191,140	561,481
Income not taxable	-	(347,579)
Utilisation of tax losses	968,176	(224,488)
Effects of overseas tax rates	1	-
Adjustments to tax charge in respect of prior periods	18,522	(961,055)
Deferred tax not provided	1,853,103	121,702
Difference in tax rates	(114,335)	300
Rounding's	(1)	(2)
Current tax charge for the year (see note above)	3,215,375	2,699,353

The effective tax rate is calculated at 204%. In relation to the current tax movements, the major reconciling differences relate to the Irish companies losses in the period and the impact of the overseas tax rate. The latter is the reduction to the Irish rate of tax, whilst the former exists as no deferred tax asset is currently being recognised over the losses in the Irish entities. Removing the impact of the Irish entities leads to an effective rate of tax of 19.6%, which is comparable to the corporate tax rate of 19%. There are no material reconciling items to note.

The deferred tax liability in relation to fixed asset timing differences has increased from £2,380,540 to £4,911,125 in the period, a movement of £2,530,585. This is mainly driven by revaluations of both investment property and freehold land and buildings booked in the period. Of particular note, this includes a deferred tax charge of £1,020,000 to the P&L for the £6m revaluation of the investment property within Careys New Homes, and a further £1,513,473 deferred tax charge to OCI for freehold land and building revaluations within P.J. Carey (Contractors), Seneca Environmental Solutions, Careys 1 Hand Axe Yard and Careys 35 Baird Street.

**9. Taxation – continued**

The deferred taxation asset recognised in the financial statements is as follows:

	2019 £	2018 Restated £
Short term timing differences	52,044	41,810
Non-trading timing differences	927,571	711,973
Accelerated capital allowances	(4,911,125)	(2,380,540)
	(3,931,510)	(1,626,757)

The deferred taxation asset/(liability) not recognised in the financial statements is as follows:

	2019 £	2018 Restated £
Fixed Assets	(801)	974
Timing differences - trading	-	130
Timing differences - non - trading	-	31
Tax losses carried forward	(2,808,611)	121,728
	(2,809,412)	122,863

Deferred tax recognised in the balance sheet:

	2019 £	2018 Restated £
Provision at the start of the period	(1,626,757)	404,613
Adjustment in respect of prior years in I/S	(40,778)	(897,530)
Adjustment in respect of prior years in OCI	(17,000)	(42,407)
Deferred tax charge to I/S for the period	(971,839)	(460,297)
Deferred tax charge for OCI for the period	(1,275,123)	(631,136)
At 31 March	(3,931,507)	(1,626,757)

**Tax rate changes**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 10. Individual statement of profit and loss and other comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Profit and loss and other comprehensive income of the parent company is not presented as part of these financial statements.

### 11. Intangible fixed assets

Group

	Development cost £	Computer software £	Totals £
<b>Cost</b>			
At 1 April 2018	1,140,037	18,763	1,158,800
Additions	958,310	-	958,310
Reclassification/transfer	-	2,390	2,390
At 31 March 2019	2,098,347	21,153	2,119,500
<b>Amortisation</b>			
At 1 April 2018	-	14,258	14,258
Amortisation for year	18,172	1,081	19,253
Reclassification/transfer	-	5,814	5,814
At 31 March 2019	18,172	21,153	39,325
<b>Net book value</b>			
At 31 March 2019	2,080,175	-	2,080,175
At 31 March 2018	1,140,037	4,505	1,144,543

**Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019**

**12. Tangible fixed assets**  
Group

Cost or valuation	Freehold property	Land	Fixtures, fitting and plant and machinery	Totals
At 1 April 2018	23,577,671	18,182,339	50,852,289	92,612,299
Additions	2,052,566	-	5,981,007	8,033,573
Disposals	-	-	(4,782,375)	(4,782,375)
Revaluations	3,817,616	5,092,571	-	8,910,187
Reclassification/transfer	142,421	1,875,090	(2,390)	2,015,121
At 31 March 2019	29,590,273	25,150,000	52,048,531	106,788,805
Depreciation				
At 1 April 2018	-	-	29,538,335	29,538,335
Charge for year	490,273	-	7,691,893	8,182,166
Eliminated on disposal	-	-	(4,225,503)	(4,225,503)
Re-classification	-	-	(5,814)	(5,814)
At 31 March 2019	490,273	-	32,998,911	33,489,184
Net book value				
At 31 March 2019	29,100,000	25,150,000	19,049,620	73,299,621
At 31 March 2018	23,577,671	18,182,339	21,313,954	63,073,967

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

	2019 £	2018 £
Plant and machinery	10,280,832	9,618,542

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

	2019 £	2018 £
Land and buildings at cost	38,841,102	36,788,536

**12. Tangible fixed assets – continued**

**Valuation of freehold properties**

The Groups freehold and leasehold properties were valued on 31 March 2019, by an external valuer, Andrew Barton MRICS, Registered Valuer of Gibbs Gillespie Surveyors Limited. The valuations are in accordance with requirements of the RICS Valuation Standards (2017 edition) and any other regulatory requirements.

The valuation of each property was on the following basis and assumptions:

1. For owner occupied property: valued to existing use value (EUV) assuming that the property would be sold as part of the continuing business.
2. For Investment property valued to market value, assuming that the property would be sold subject to any existing leases.
3. For surplus property and property held for development valued to market value, assuming that the property would be sold with vacant possession in its existing condition.

The valuer's opinion of market value and existing use value was primarily derived using:

- a) Comparable recent market transactions on arm's length terms.
- b) Using an estimate of the future potential net income generated by the use of the property.
- c) Using a residual method of valuation for development sites, reflecting the potential re-sale value of the property and the costs associated with completing the development.

The valuation report has been prepared in accordance with current RICS Valuation Standards – Red Book 2017.



13. Fixed Asset Investment

Group	Joint Venture £	Totals £
<b>Profit</b>		
At 1 April 2018	-	-
Share of profit/(loss)	79,382	79,382
At 31 March 2019	79,382	79,382
<b>Provisions</b>		
At 1 April 2018		
and 31 March 2019	-	-
<b>Net book value</b>		
At 31 March 2019	79,382	79,382
At 31 March 2018	-	-

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2018	2,001,304
Additions	52
At 31 March 2019	2,001,356
<b>Net book value</b>	
At 31 March 2019	2,001,356
At 31 March 2018	2,001,304

14. Investment property

Group	Totals £
<b>Fair value</b>	
At 1 April 2018	19,800,000
Additions	916,526
Revaluations	7,450,985
Reclassification/transfer	(2,017,511)
At 31 March 2019	26,150,000
<b>Net book value</b>	
At 31 March 2019	26,150,000
At 31 March 2018	19,800,000

Fair value at 31 March 2019 is represented by:	£
Historic Costs	9,649,015
Prior Re-valuations	9,050,000
Revaluation in year	7,450,985
	26,150,000

15. Stocks

	Group	
	2019 £	2018 £
Raw materials	2,034,684	1,754,844
Land and building not yet under development	15,479,769	14,131,343
Work-in-progress	39,661,735	43,143,058
	57,176,188	59,029,245

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 16. Debtors

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	32,956,572	25,389,794	9,972	-
Amounts owed by group undertakings	-	-	76,699,040	73,772,763
Amounts recoverable on contracts	57,895,799	51,201,875	-	-
Other debtors	1,118,315	457,170	-	-
Value Added Tax Recoverable	3,704,501	3,148,913	110,716	-
Prepayments and accrued income	5,388,013	4,755,533	2,856,873	58,065
	<b>101,063,199</b>	<b>84,953,286</b>	<b>79,676,601</b>	<b>73,830,828</b>

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

### 17. Current asset investments

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Listed investments	63,005	54,178	5,000	5,000

The market value of listed investments at 31 March 2019 held by the group - £63,005 (2018 - £54,178), and by the company £5,000 (2018 - £5,000). The prior year balance has been restated as a current assets, rather than long time asset, to more accurately reflect the nature of the investment.

### 18. Creditors: amounts falling due within one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans and overdrafts (see note 20)	12,344,887	8,234,079	-	-
Other loans (see note 20)	37,720	257,720	-	-
Hire purchase contracts (see note 21)	3,891,598	3,368,833	-	-
Trade creditors	51,082,692	37,515,483	445,231	1,235
Tax	1,593,262	2,050,490	-	-
Social security and other taxes	2,970,105	3,020,737	98,298	83,983
VAT	4,197,807	4,358,035	-	-
Other creditors	17,694,263	9,734,148	245,504	226,527
Accruals and deferred income	53,163,917	49,822,283	991,327	1,202,903
	<b>146,976,251</b>	<b>118,361,808</b>	<b>1,780,360</b>	<b>1,514,649</b>

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

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

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans (see note 20)	4,649,125	14,752,292	-	-
Hire purchase contracts (see note 21)	6,768,617	6,972,240	-	-
Amounts owed to group undertakings	-	-	71,196,917	64,739,449
Accruals and deferred income	-	-	297,311	2,791,354
	11,417,742	21,724,532	71,494,228	67,530,803

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

### 20. Loans

	2019 £	2018 £
Bank loans and overdrafts	16,994,012	22,986,370
Loan from related party	37,720	257,720
Finance leases	10,660,215	10,341,075
	27,691,947	35,585,165

#### Bank loans and overdrafts

The bank loans are secured by way of first legal mortgage over the property, having carrying value of £16,300,000 acquired in connection with the loans. The bank loans are also secured by first mortgage debenture over the Group's total net assets. Interest on bank loans were charged from LIBOR plus 3% pa. to LIBOR plus 4% pa. and paid quarterly. Since year end £3,904,583 of the current instalment on bank loans have been repaid, leaving to be £8,440,303 paid before 31 March 2020

### 21. Leasing agreements

The future minimum finance lease payments are as follows:

	2019 £	2018 £
No later than one year	4,275,268	3,747,508
Later than one year but not later than five years	6,768,616	6,972,240
	11,043,885	10,719,748
Less: finance charges	(383,669)	(378,673)
	10,660,215	10,341,075

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 22. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Normal Value	2019 £	2018 £
250,000	Ordinary shares	£1	250,000	250,000

### 23. Employee benefit obligations

a) The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £2,245,808 (2018: £1,578,822). Contributions totalling £367,870 (2018: £219,715) were payable to the fund at the balance sheet date and are included within creditors.

b) The company operates a Defined benefit pension scheme.

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

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

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

Under FRS 102 the valuation of the scheme shows a deficit at 31 March 2019 of £5,441,000 (2018: £4,187,000). It is assumed that this deficit will be eliminated by improved investment returns but all companies in the Carey Group plc Pension Scheme will have some liability to meet any future deficit to the scheme, in order for it to meet its liabilities. However, the directors consider that the overall deficit has no adverse effect on the long term future of the company and Group.

The total contributions to the defined benefit pension plan in the next year are expected to be £720,000 (2018: £720,000).

The most recent full actuarial valuation of the scheme was carried out as at 6 April 2016, and has been updated to 31 March 2019 by a qualified independent actuary. The expected rate of return on the plan assets is derived based on the long term expectations of each asset class.

## Notes to the Consolidated Financial Statements – continued for the Year Ended 31 March 2019

### 23. Employee benefit obligations – continued

	2019 £	2018 £
Present Value of funded obligations	(21,219,000)	(19,617,000)
Fair value of scheme assets	15,778,000	15,430,000
Deficit in scheme	(5,441,000)	(4,187,000)
Related deferred tax assets	927,574	711,966
<b>Total</b>	<b>(4,513,426)</b>	<b>(3,475,034)</b>

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest on obligation	(507,000)	(507,000)
Expected return on scheme assets	407,000	375,000
<b>Total</b>	<b>(100,000)</b>	<b>(132,000)</b>

Changes in the present value of the defined benefit obligation are as follows:

	2019 £	2018 £
Opening defined benefit obligation	19,617,000	20,451,000
Past service costs	472,000	-
Interest cost	507,000	507,000
Remeasurement arising from changes in assumptions	1,014,000	(1,130,000)
Remeasurement arising from experience	(6,000)	88,000
Benefits paid	(385,000)	(299,000)
<b>Total</b>	<b>21,219,000</b>	<b>19,617,000</b>

Changes in the fair value of the scheme assets are as follows:

	2019 £	2018 £
Opening fair value of scheme assets	15,430,000	14,797,000
Interest income	407,000	375,000
Actual return on plan assets, excluding interest income	(394,000)	(163,000)
Contributions by employer	720,000	720,000
Benefits paid	(385,000)	(299,000)
<b>Total</b>	<b>15,778,000</b>	<b>15,430,000</b>

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 23. Employee benefit obligations - continued

Principal actuarial assumption at the Balance Sheet date expressed as weighted averages:

	2019 %	2018 %
Discount rate at 31 March	2.50	2.60
Expected return on scheme assets	2.60	2.40
Inflation assumptions	3.50	3.30

Mortality assumptions:		
Members aged 65 -male	21.8 years	21.8 years
Members aged 65 -female	23.7 years	23.7 years
Members aged 65, 20 years on -male	22.9 years	22.8 years
Members aged 65, 20 years on - female	25.0 years	24.9 years

The expected rate of return on plan assets is based on the long term expectation of each asset class.

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

Defined benefit pension schemes

	2019 £k	2018 £k	2017 £k	2016 £k	2015 £k
<b>Defined benefit obligation</b>	<b>(21,219)</b>	(19,617)	(20,451)	(16,776)	(16,839)
Scheme assets	15,778	15,430	14,797	13,389	13,362
	<b>(5,441)</b>	(4,187)	(5,654)	(3,387)	(3,477)
Experience adjustments on scheme liabilities gain/(loss)	6	(88)	896	384	161
Experience adjustments on scheme assets gain/(loss)	<b>(394)</b>	(163)	489	(936)	615

### 24. Claims and retentions receivable

As explained in the accounting policies note on claims and retentions receivable, no account has been taken of claims submitted or to be submitted on completed contracts until entitlements and revenue in respect of the claims is received. Revenue from the release of the retention monies is similarly recognised only when received.

The value of retentions as at 31 March 2019 amount to £26,965,920 (2018: £27,350,190).

The value of claims as at 31 March 2019 is estimated at £34,062,861 by directors (2018: £9,800,000).

### 25. Subsidiaries

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

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

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2019

### 25. Subsidiaries - continued

Company Name	Holding	Proportion held (%)	Nature of business
P J Carey (Contractors) Limited	Ordinary shares	100	Building and civil engineering
P J Carey Plant Hire (Oval) Limited	Ordinary shares	100	Plant hire
Cadant Limited	Ordinary shares	100	Dance hall proprietors
Careys New Homes Limited (formerly known as Maxplan Properties Limited)	Ordinary shares	100	Property development and builders
T E Scudder Limited	Ordinary shares	100	Demolition contractors
Seneca Environmental Services Limited	Ordinary shares	100	Waste recycling
Crucare Limited	Ordinary shares	100	Building and civil engineering
Careys Estate Agency Limited	Ordinary shares	100	Estate agents
ION Environmental Solutions Limited	Ordinary shares	100	Asbestos Removal
Careys Environmental Services Limited, incorporated in Ireland	Ordinary shares	100	Property development company
Careys Estates Doon, incorporated in Ireland	Ordinary shares and preference shares	100	Property development company
Careys Shared Equity Limited	Ordinary shares	100	Mortgage providers
P J Carey (Contractors) Limited, incorporated in Ireland	Ordinary shares	100	Building and civil engineering
BDL Group Plc	Ordinary shares	100	Dry lining contractors
Careys Design Team Limited	Ordinary shares	100	Specialist construction design services
Careys Baird Street Limited	Ordinary shares	100	Property management services
Careys 1 Hand Axe Yard Limited	Ordinary shares	100	Property management services

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

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

### 26. Ultimate controlling party

The Company is owned by J.Carey, P.Carey and T. Carey who are all directors of Carey Group PLC.



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