

Tamdown Group Limited

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



Registered Number: 01268060 (England and Wales)

Tamdown Group Limited

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Tamdown Group Limited

Directors, officers and advisers

Directors	J K Brett M A Cain R L Kendal A C Martin M T Morris C A Sweeney M Wadsworth (Resigned 10 August 2020) S L Darville-Downs G J Downs
Company secretary	D R Hillman
Registered number	01268060
Registered office	1 Tamdown Way Braintree Essex CM7 2QL
Independent auditors	PricewaterhouseCoopers LLP The Maurice Wilkes Building St. John's Innovation Park Cowley Road Cambridge CB4 0DS

Tamdown Group Limited

Strategic Report

For the year ended 30 September 2020

Business review

The principal activity of Tamdown Group Limited is the provision of essential infrastructure services to the UK housebuilding and commercial sectors.

The Covid-19 pandemic has had a significant impact on the trading of Tamdown in the second half of the financial year. Trading in the first half of the year had seen strong revenue growth of 21.1%, with a record opening order book and customers keen to progress with sites. The commencement of lockdown in March resulted in all sites closing and up to 98% of employees being furloughed. Sites started to reopen in May, though it took until August for all sites to reopen, with an encouraging level of activity, though significantly lower than the first half of the year. The summer period is traditionally a very active time as works can be progressed efficiently due to generally better weather conditions, so the timing of the lockdown and the return to sites had a disproportionate impact on revenues. Revenue for the year totalled £85.8m, a decrease of 23.5% (2019: £112.2m).

Upon return to site, additional health and safety protocols were introduced to ensure the safety of our employees, customers and communities. These additional protocols along with lower activity levels and the low level of new site starts have resulted in margin pressures. During these difficult trading conditions customers are taking rigid commercial positions, which has resulted in margin write downs on some contracts. Accordingly, Tamdown's gross profit for the year was £2.4m (2019: £12.2m), which equated to a gross margin of 2.8% (2019: 10.8%). Mitigating actions have been taken to ensure that the gross margin has been stabilised.

Administrative expenses reduced by £2.4m to £7.0m (2019: £9.4m), with savings in people costs £1.6m, inclusive of the Job Retention Scheme grant of £0.4m, and depreciation £0.1m. The people cost savings were achieved through tight cost control throughout the year and then headcount savings at the end of the year. Due to the low levels of contract awards for the financial year and then the lower levels of activity over the summer months, the anticipated activity in the foreseeable future has reduced, which resulted in the need to reduce the cost base. Following a detailed review of activities and needs, a resizing of the Company has led to a number of redundancies, the cost of which, £0.6m, has been disclosed as an exceptional item.

Operating loss totalled £4.6m (2019: profit £2.8m).

The Tamdown order book decreased to £92.8m (2019: £151.6m). The Company was active on sites during the first half of the year as end customer demand supported the need for new housing. However, Tamdown's direct customers have, throughout the year, taken a cautious approach to starting new sites, because of Brexit uncertainty, the impact of Covid-19 and more recently, the forthcoming end of the temporary stamp duty holiday.

Net assets at the end of the year are £14,911,000 (2019: £20,328,000).

Tamdown Group Limited ambitions are to return to yielding profits in a sustainable manner through the successful delivery of its strategic goals including margin enhancement, multiphase projects, market penetration and customer diversification.

Key performance indicators

Our financial key performance indicators are:

Revenue measure – The strength of revenue is an important measure of the success of the business plan.

- Revenue £85.8m (2019: £112.2m) – a 23.5% decrease in the year

Profit measures – The gross profit margin and operating profit are important measures of the implementation of the business plan.

- Gross profit margin 2.8% (2019: 10.8%)
- Operating loss £4.6m (2019: Profit £2.8m)

Tamdown Group Limited

Strategic Report (continued)

For the year ended 30 September 2020

Key performance indicators (continued)

Cash measure – The net cash balance (Cash and cash equivalents less Borrowings) is a measure of the strength of the statement of financial position and to confirm that the Company has the funds necessary to fulfil its growth strategy.

- Net cash balance £2.3m (2019: £10.6m) – a decrease of £8.3m in the year primarily due to a dividend paid in the year, and the impact of the COVID-19 pandemic.

Forward sales measure – The strength of the Company's forward sales is an important measure of the Company's expected future success.

- Order book £92.8m (2019: £151.6m) – a decrease of £58.8m.

Our non-financial key performance indicators are:

Environmental – We have maintained our ISO 50001 certification for energy management and our ISO 14001 certification for our environmental management system and continue to apply these across the business. Our on-going environmental objectives for the Company are to educate our workforce, reduce waste, increase the recycling of materials, reduce emissions and reduce energy consumption.

- No incidents or prosecutions for this year (2019: Nil) alongside external audits from the Environment Agency and BSI show that the Company remains compliant and competent.

Health and Safety - Health and Safety is a core value rather than a competing priority as it sits central to our business offering, its integral to how we are structured, how we plan, organise and execute our work. We have a best in class industry accredited safety management system and our accident performance is significantly better than industry average. Our vision for Health and Safety centres around our desire for everyone to go home safely every day and this ambition drives our commitment towards further continuous improvement across the business. We have produced an improvement plan relative to key strategic areas of safety management – culture, compliance, competence, consistency, communication and care, this plan sets out the timely actions, engagement and operational initiatives that will support and facilitate this.

- No major incidents or prosecutions for this year (2019: Nil) alongside external audits from Clients and BSI show that the Company remains compliant and competent.
- Our AIR incident rate of 111 (2019: 302) is significantly below industry average of 366.
- In recognition of our safety performance we were awarded the prestigious RoSPA Presidents Award.
- We maintained our certifications for ISO 18001, through independent regular audits by BSI.

Section 172(1) statement

Under section 172(1) of the Companies Act 2006 (section 172), the Directors are required to act in a way that they consider, in all good faith, would most likely promote the success of the Company. This success must be for the benefit of the Company's shareholder but also for all other stakeholders.

From the perspective of the Directors, as a result of the Group governance structure, whereby two of the Company's Directors are also the Group Executive Directors and, the Company being the largest UK subsidiary in the Group representing over 68% of the Group's external revenue, the matters that the Directors are responsible for considering under section 172 have been considered to an appropriate extent by the Group Board in relation to both the Group and the Company. The Directors have also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered matters set out in section 172 is set out within the Governance section of the 2020 Nexus Infrastructure plc Annual report.

Also, detailed information of how the Directors have supported the Company's employees is included in employee engagement within the Governance section of the Nexus Infrastructure plc Annual report.

Tamdown Group Limited

Strategic Report (continued)

For the year ended 30 September 2020

Section 172(1) statement (continued)

The Directors have considered all the Company's stakeholders and the long-term consequences of the decisions taken when assessing the level of dividends to pay.

Principal risks and uncertainties

The principal risks of the business comprise:

Credit Risk - Company policies are aimed at minimising exposure to bad debt by reviewing the credit rating of existing customers on a regular basis and having a very robust selection process on all tenders with new customers.

Competitive Risk - The Company operates in a competitive sector; the infrastructure and engineering services industry is a highly competitive market and the Company faces strong competition from companies with established delivery capabilities.

Dependence on general economic climate - The Company's operating results are dependent, to a large extent, upon the state of the economy. Economic weakness and uncertainty may result, in the future, in decreased revenue, gross margin, and earnings or growth rates.

The Company's business is exposed to fluctuations in the UK's property market - The Company's business is largely focused in the residential sector. There are a number of factors beyond the Company's control that could adversely affect the residential construction market and the number of homes being built.

Availability of materials, subcontractors and suppliers - The Company's business is dependent upon the availability of materials and the availability, competence and consistency of subcontractors and skilled labour. An increase in the cost of materials could adversely affect the Company's margins, while a decrease in availability could lead to projects being delayed or, at the worst case, frustrated. At the same time, such changes could affect the Company's ability to submit appropriate tenders at the appropriate price level.

The ability to recruit and retain, key personnel - The Company's success depends on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry.

Contractual Risk - The Company works under a number of contract forms subject to sector and client. The contracts may be very complex, have effect over a long period of time and be subject to terms which we regard as onerous. We therefore assess each contract prior to commencement to agree content and mitigate risk. Our long-term relationships and familiarity with most contract types are significant factors in managing this risk.

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



A Martin
Director

Date: 14 December 2020

Tamdown Group Limited

Directors' Report

For the year ended 30 September 2020

The Directors present their report and the audited financial statements for the year ended 30 September 2020.

The Company is a private limited company and is incorporated and domiciled in the UK. For further details on the Directors, officers and advisors please refer to page 2.

Results and dividends

The loss for the year, after taxation, amounted to £4,067,000 (2019: Profit £1,903,000).

The Directors recommended and paid a dividend of £1,350,000 (2019: £4,061,000).

Political donations

The Company has made no political donations during any of the years presented.

Directors

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

J K Brett
M A Cain
R L Kendal
A C Martin
M T Morris
C A Sweeney
M Wadsworth (Resigned 10 August 2020)
S L Darville-Downs
G J Downs

Directors' indemnity

Directors risk personal liability under civil and criminal law for many aspects of the Company's business decisions. The Company believes that it is in the best interests of the Company to protect the individuals concerned from the consequences of innocent error or omission. Therefore, the Company has provided qualifying third party indemnity provisions in respect of Directors and senior officers who were in force during the year and at the date of this report. The Company has taken out Directors indemnity insurance to cover any losses arising as a result of this indemnity.

Going concern

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Company can continue in operational existence. Budgets for the three-year period to September 2023 have been prepared and approved by the Board, they incorporate the impact of Covid-19 on current operations and reflect a cautious view on recovery.

These budgets were then subject to a range of sensitivities including a severe but plausible scenario together with mitigating actions. Changes to the principal assumptions included:

- a further lockdown where minimal site activity occurs;
- a reduction in work secured of approximately 21%;
- a reduction in revenue of approximately 25%;
- a reduction in gross profit of approximately 28%

Based on the results of the analysis undertaken the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they arise for at least 12 months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

Tamdown Group Limited

Directors' Report (continued)

For the year ended 30 September 2020

Employee involvement

Working for any of the companies within the Nexus Infrastructure Group is a rewarding place to be. We spend a lot of time at work and we know the importance of spending that time working towards a common purpose. For us that purpose is Building Bright Futures. We offer a wide range of apprenticeship development programmes from entry level through to higher level degree apprenticeships.

We also encourage leadership and development with executive coaching, management coaching and ILM level 3 and 5 accreditations.

We continue to invest in development and recruitment of our employees, we have bi-annual performance and development reviews with our employees together with bespoke career and development plans.

Disabled employees

The Directors give special attention to the health and safety of their employees and endeavor to ensure that as far as possible recruitment, training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues, and appropriate retraining is received.

Equality and diversity

The Directors consider the principles of equality and diversity to be extremely important. All applications for employment are considered fully based on the skills to carry out the job, irrespective of sex, sexual orientation, race, colour, age, disability, nationality or marital/civil partnership status. Full consideration is given to the diverse needs of our employees and potential recruits.

Corporate social responsibility

Giving things back to our local and wider communities remains a core value for our business. Our CSR covers our relationships with education, charities, our employee's quality of life and their environment. We carry out, attend and support numerous events throughout the year and intend to continue and improve on this as the business grows.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 will continue in business.

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

Tamdown Group Limited

Directors' Report (continued)

For the year ended 30 September 2020

Directors' responsibilities statement (continued)

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

Disclosure of information to auditors

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves 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 reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 December 2020 and signed on its behalf by:



A C Martin
Director

Tamdown Group Limited

Independent auditors' report to the members of Tamdown Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tamdown Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2020; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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 company 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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.

Tamdown Group Limited

Independent auditors' report to the members of Tamdown Group Limited (continued)

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 30 September 2020 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

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. 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.

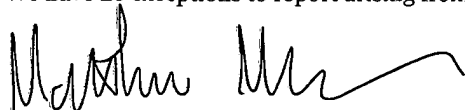
Other required reporting

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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

15 December 2020

Tamdown Group Limited

Statement of comprehensive income

For the year ended 30 September 2020

	Note	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Revenue	4	85,828	112,228
Cost of sales		(83,421)	(100,076)
Gross profit		<u>2,407</u>	<u>12,152</u>
Administrative expenses		(7,045)	(9,364)
Operating (loss)/profit before exceptional items		<u>(4,066)</u>	<u>2,788</u>
Exceptional items	7	(572)	-
Operating (loss)/profit	5	<u>(4,638)</u>	<u>2,788</u>
Finance income	8	6	9
Finance expense	8	(33)	(41)
(Loss)/profit before tax		<u>(4,665)</u>	<u>2,756</u>
Taxation	9	598	(853)
(Loss)/profit and total comprehensive (expense)/income for the year		<u>(4,067)</u>	<u>1,903</u>

The notes on pages 15 to 29 form part of the financial statements and accounting policies.

Tamdown Group Limited

Statement of financial position

As at 30 September 2020

Company number: 01268060

	Note	30 September 2020 £'000	30 September 2019 £'000
Non-current assets			
Property, plant and equipment	10	411	496
Right of use assets	11	636	926
Investments	12	-	-
Deferred tax asset	13	53	38
Total non-current assets		1,100	1,460
Current assets			
Trade and other receivables	14	36,033	40,288
Contract assets	4	4,386	1,767
Corporation tax asset		588	-
Cash and cash equivalents		2,253	10,570
Total current assets		43,260	52,625
Total assets		44,360	54,085
Current liabilities			
Trade and other payables	15	24,640	29,404
Contract liabilities	4	4,175	3,229
Lease liabilities	11	237	275
Corporation tax		-	209
Total current liabilities		29,052	33,117
Non-current liabilities			
Lease liabilities	11	397	640
Total non-current liabilities		397	640
Total liabilities		29,449	33,757
Net assets		14,911	20,328
Equity			
Share capital	16	-	-
Retained earnings		14,911	20,328
Total equity		14,911	20,328

The financial statements on pages 11 to 29 were approved by the Board of Directors on 14 December 2020 and signed on its behalf by:



A C Martin
Director

The notes on pages 15 to 29 form part of the financial statements and accounting policies.

Tamdown Group Limited

Statement of changes in equity For the year ended 30 September 2020

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Equity as at 1 October 2018		-	22,486	22,486
Transactions with owners				
Dividend paid	17	-	(4,061)	(4,061)
Total comprehensive income				
Profit for the year		-	1,903	1,903
Equity as at 30 September 2019		-	20,328	20,328
Transactions with owners				
Dividend paid	17	-	(1,350)	(1,350)
Total comprehensive expense				
Loss for the year		-	(4,067)	(4,067)
Equity as at 30 September 2020		-	14,911	14,911

There are no other items in comprehensive income other than profit/(loss) for the year.

The notes on pages 15 to 29 form part of the financial statements and accounting policies.

Tamdown Group Limited

Statement of cash flows

For the year ended 30 September 2020

	Note	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Cash flow from operating activities			
(Loss)/profit before tax		(4,665)	2,756
Adjusted by:			
Loss on disposal of plant and equipment		3	4
Finance expense net	8	27	32
Depreciation of property, plant and equipment - owned		118	255
Depreciation of property, plant and equipment – right of use		285	270
Operating (loss)/profit before working capital changes		(4,232)	3,317
Working capital adjustments:			
Decrease/(increase) in trade and other receivables	14	4,255	(735)
(Increase)/decrease in contract accruals	4	(2,619)	1,396
Decrease in trade and other payables	15	(4,764)	(2,247)
Increase in contract liabilities	4	946	1,107
Cash (used in)/generated from operations		(6,414)	2,838
Interest paid		(33)	(41)
Taxation paid		(214)	(754)
Net cash (used in)/generated from operating activities		(6,661)	2,043
Cash flow used in investing activities			
Purchase of property, plant and equipment – owned		(36)	(59)
Interest received	8	6	9
Net cash used in investing activities		(30)	(50)
Cash flow used in financing activities			
Dividend payment	17	(1,350)	(4,061)
Principal elements of lease repayments		(276)	(285)
Net cash used in financing activities		(1,626)	(4,346)
Net change in cash and cash equivalents		(8,317)	(2,353)
Cash and cash equivalents at the beginning of the year		10,570	12,923
Cash and cash equivalents at the end of the year		2,253	10,570
Net cash reconciliation			
Cash and cash equivalents		2,253	10,570
Lease liabilities at fixed interest rates		(634)	(915)
Net cash		1,619	9,655

Cash and cash equivalents comprise cash and short-term deposits.

The notes on pages 15 to 29 form part of the financial statements and accounting policies.

Tamdown Group Limited

Notes to the financial statements

1. Accounting policies

General information

The principal activity of Tamdown Group Limited is the provision of essential infrastructure services to the UK housebuilding and commercial sectors.

The Company is a private limited company (Limited by shares) and is incorporated and domiciled in the UK. The address of the registered office is 1 Tamdown Way, Braintree, Essex, CM7 2QL.

The registered number of the Company is 01268060.

Basis of preparation

The financial statements are for the year ended 30 September 2020. They have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and are presented in sterling rounded to the nearest thousand except where indicated otherwise.

The accounting policies used to prepare these financial statements are the same as those used in the preparation of the Company's audited accounts for the year ended 30 September 2019, which have been delivered to the Registrar of Companies.

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements with the exception of policies relating to the implementation of IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company is a wholly owned subsidiary of Nexus Infrastructure plc and is included in the consolidated financial statements of Nexus Infrastructure plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

Going concern

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Company can continue in operational existence. Budgets for the three-year period to September 2023 have been prepared and approved by the Board, they incorporate the impact of Covid-19 on current operations and reflect a cautious view on recovery.

These budgets were then subject to a range of sensitivities including a severe but plausible scenario together with mitigating actions. Changes to the principal assumptions included:

- a further lockdown where minimal site activity occurs;
- a reduction in work secured of approximately 21%;
- a reduction in revenue of approximately 25%;
- a reduction in gross profit of approximately 28%

Based on the results of the analysis undertaken the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they arise for at least 12 months from the approval of these financial statements and, consequently, the Directors have adopted the going concern basis of accounting in the preparation of these financial statements.

Tamdown Group Limited

Notes to the financial statements

1. Accounting policies (continued)

New and amended standards adopted by the Company

The Company has applied the following standards, interpretations and amendments for the first time for their annual report period commencing 1 October 2019:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards, interpretations and amendments in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

Revenue recognition

Revenue, which excludes value added tax, comprises value of work executed during the year on construction contracts based on monthly valuations.

In line with IFRS 15 the Company recognises revenue based on the application of the standards principle-based ‘five step’ model to the Groups contracts with customers.

The performance obligations and transaction price are determined within contracts between the customer and the Company. Each contract has one performance obligation, the provision of specific construction activities for both residential and commercial developments. Contract modifications are added to existing contracts when they are extensions to the original contracts. There are no variable consideration elements attached to any of the contracts. The revenue is recognised over time as the Company’s performance of its obligations creates or enhances an asset that the customer controls. Payment of the transaction price is typically due in a number of stage payments throughout the contract.

Revenue is recognised over the period of the contract by reference to the stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each.

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

“Contract assets” (as discussed in IFRS 15.107) are recognised when the Group performs by transferring goods or services to a customer before customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9.

“Contract liabilities” (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service.

Retirement benefits: defined contribution schemes

Obligations for contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

Exceptional items

Items that are unusual or infrequent in nature are presented in the statement of comprehensive income as exceptional items.

Government grants

Government grants relating to income are recognised in the statement of comprehensive income and are offset against the costs they are intended to compensate.

Tamdown Group Limited

Notes to the financial statements

1. Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

- Freehold property - 2.5% straight line
- Fixtures and fittings - 2-4 years straight line
- Leasehold improvements - over the life of the lease

Financial instruments

The Company classifies its financial assets into the following three measurement categories based on the way the asset is managed and its contractual cash flow characteristics:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income.

Fair value through profit or loss

Assets that do not meet the criteria of amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss.

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. Based on the way these financial instruments are being managed, and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost.

Financial instruments – impairment

The Company assesses the expected credit losses associated with its financial assets measured at amortised cost on a forward-looking basis. The Company applies the simplified approach as permitted by IFRS 9.

Investments

The Company has investments in subsidiaries which are carried at deemed cost.

Share capital and retained earnings

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings are classified as equity.

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability which is a contractual obligation to deliver cash or similar to another entity or a potentially unfavourable exchange of financial assets or liabilities with another entity.

Dividends

Final equity dividends to the shareholders of Tamdown Group Limited are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

Leased assets

The Company recognises a right of use asset with a corresponding liability at the date at which the leased asset is available for the use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Tamdown Group Limited

Notes to the financial statements

1. Accounting policies (continued)

Leased assets (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments and penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the rate implicit in the lease. If the rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

The recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

2. Critical accounting estimates and judgements

The Company makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements:

- recoverability of debt and contract assets - as part of the process of gaining new business it is necessary to carry out checks on the organisations for which the Company will carry out work. The value of individual contracts is substantial, and the risk of default is always present, so the estimates made of the non-recoverability of the debt and any expected credit losses by the Directors is critical. See note 14 for future details.; and
- profitability of contracts – individual contracts are negotiated so as to provide a reasonable return to the Company. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Company. The Directors make an accounting estimate which is an assessment on the profitability and margin of contracts.

Tamdown Group Limited

Notes to the financial statements

3. Capital management (continued)

The Company's capital is made up of share capital and retained earnings totalling £14,911,000 (2019: £20,328,000).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The capital structure of the Company consists of shareholders equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources

4. Revenue

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Revenue	85,828	112,228
Inter-company revenue	(1,389)	(1,031)
Revenue from external customers	84,439	111,197
Timing of revenue recognition		
Over time	84,439	111,197
Client type		
Residential	80,478	110,615
Non residential	3,961	582
	84,439	111,197

Inter-company revenue is earned on an arm's length basis.

The Company has recognised the following assets and liabilities related to contracts with customers:

	30 September 2020 £'000	30 September 2019 £'000
Contracts assets		
Accrued income	4,386	1,767
Total	4,386	1,767

The increase in contract assets during the year is due to timing of applications to external customers and materials held on site for imminent works.

Tamdown Group Limited

Notes to the financial statements

4. Revenue (continued)

	30 September 2020 £'000	30 September 2019 £'000
Contracts liabilities		
Deferred income	1,646	1,992
Contract cost accruals	2,529	1,237
Total	4,175	3,229

The increase in contract liabilities during the year is due to additional accruals on legacy contracts.

Management expects that 58% (£53,906,000) of the transaction price allocated to unsatisfied performance obligations as at 30 September 2020 will be recognised within one year and the remaining 42% (£38,882,000) within two to five years.

The Company has not recognised any assets in relation to costs to fulfil a contract.

5. Operating (loss)/profit

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Depreciation:		
Depreciation of owned assets	118	255
Depreciation of right of use assets	285	270
Loss on disposal of assets	3	4
Audit and non-audit services:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements and the financial statements prepared by its subsidiaries	66	65
Tax advisory services	-	8

6. Staff cost

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	4,148	4,930
Social security costs	462	537
Other pension costs	55	54
	4,665	5,521

Tamdown Group Limited

Notes to the financial statements

6. Staff cost (continued)

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Directors remuneration (included in staff costs above)		
Remuneration	860	954
Pension costs	7	6
	867	960
Highest paid Director		
Remuneration	226	200
Pension costs	1	1
	227	201

The above includes payments in lieu of notice.

The average monthly number of employees (including Directors) during the year was:

	Year ended 30 September 2020 Headcount	Year ended 30 September 2019 Headcount
Site workers	3	6
Administrative	69	73
	72	79

The number of Directors with pension contributions amounted to 6 (2019: 7).

Amounts claimed in respect of the Coronavirus Job Retention Scheme during the year and offset against staff costs was £401,000.

7. Exceptional items

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Restructure costs	572	-
	572	-

Due to the lower activity levels the Company restructured, resulting in restructuring costs.

Tamdown Group Limited

Notes to the financial statements

8. Finance income and expense

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Finance income		
Interest on bank deposits	6	9
Finance expense		
Interest on finance leases	33	41
	33	41
Finance expense (net)	(27)	(32)

9. Taxation

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Current Tax:		
UK corporation tax on (losses)/profits for the year	-	583
Adjustment in respect of prior periods	(583)	266
Total current tax	(583)	849
Deferred Tax:		
Origination and reversal of timing differences	(11)	(8)
Adjustment in respect of prior periods	-	12
Effect of tax rate change on opening balance	(4)	-
Taxation	(598)	853

The tax assessed for the year is the same as (2019: same as) the standard rate of corporation tax as applied in the UK. The differences are explained below:

Tamdown Group Limited

Notes to the financial statements

9. Taxation (continued)

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit before tax	(4,665)	2,756
(Loss)/profit before tax multiplied by the respective standard rate of corporation tax applicable in the UK (19.0%) (2019: 19.0%)	(886)	524
Effects of:		
Fixed asset differences	8	22
Group relief	242	-
Non-deductible expenses	42	28
Losses carried back	583	-
Adjustment in respect of prior periods	(583)	(15)
Exceptional adjustment in respect of prior periods	-	281
Adjustment in respect of prior periods – deferred tax	-	12
Deferred tax	(4)	1
Taxation	(598)	853

The credit to current tax arises as a result of an adjustment to the prior year tax charge due to the carry back of losses generated in the current year.

10. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 October 2018	627	658	474	1,759
Additions	-	-	59	59
Disposals	-	-	(170)	(170)
At 30 September 2019	627	658	363	1,648
Additions	-	-	36	36
Disposals	-	-	(3)	(3)
At 30 September 2020	627	658	396	1,681
Accumulated depreciation				
At 1 October 2018	271	516	280	1,067
Charge for the year	16	99	140	255
Disposals	-	-	(170)	(170)
At 30 September 2019	287	615	250	1,152
Charge for the year	15	43	60	118
At 30 September 2020	302	658	310	1,270
Net book value				
At 30 September 2019	340	43	113	496
At 30 September 2020	325	-	86	411

The fair value of the building is not materially different to the carrying value included above.

Tamdown Group Limited

Notes to the financial statements

11. Right of use assets and lease liabilities

The balance sheet shows the following information relating to leases:

	30 September 2020 £'000	30 September 2019 £'000
Right of use assets		
Freehold property	568	767
Motor vehicles	49	92
Fixtures and fittings	19	67
	636	926
Lease liabilities		
Current	237	275
Non-current	397	640
	634	915

Additions to the right of use assets during the year was £5,000 (2019: £1,196,000 comprising transitional adjustments and new leases capitalised). Disposals of £10,000 were also recorded (2019: nil).

The statement of comprehensive income shows the following amounts relating to leases:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Depreciation		
Freehold property	198	181
Motor vehicles	63	74
Fixtures and fittings	24	15
	285	270
Interest expense	33	41

The total cash outflow for leases during the year was £276,000 (2019: £285,000).

The present value of lease liabilities is as follows:

	30 September 2020 £'000	30 September 2019 £'000
Within 1 year	259	310
Two to five years	422	640
Over 5 years	-	47
Future finance charge on lease liabilities	(47)	(82)
Present value of lease liabilities	634	915

Tamdown Group Limited

Notes to the financial statements

12. Investments in subsidiaries

The following are subsidiaries of Tamdown Group Limited, which owns 100% of the share capital of the subsidiaries, all of which are registered in England and Wales.

	Class of shares	Activity
Tamdown Services Limited	Ordinary	Supply of labour to the construction industry
Tamdown Plant Hire Limited	Ordinary	Engineering plant hire

The registered address of all subsidiaries is 1 Tamdown Way, Braintree, Essex, CM7 2QL.

13. Deferred tax asset

	30 September 2020 £'000	30 September 2019 £'000
Accelerated capital allowances		
Brought forward	38	42
Charge/(credit) for the year	15	(4)
	53	38

14. Trade and other receivables

	30 September 2020 £'000	30 September 2019 £'000
Trade receivables from customers with contracts	26,483	29,263
Amounts due from Group companies	8,724	9,175
Other receivables	600	1,484
Prepayments	226	366
	36,033	40,288
Overdue receivables	30 September 2020 £'000	30 September 2019 £'000
By less than 3 months	2,420	3,426
Over 3 but less than 6 months	2,424	1,315
Over 6 months but less than 1 year	2,646	521
Over 1 year	1,963	1,297
	9,453	6,559

Tamdown Group Limited

Notes to the financial statements

14. Trade and other receivables (continued)

Allowance account for receivables

	30 September 2020 £'000	30 September 2019 £'000
At 1 October	1,114	1,301
(Created)/written back to the income statement	73	(187)
At 30 September	1,187	1,114

During the year, a detailed review of trade receivable balances was carried out, which resulted in some new allowances relating specifically to retentions being created and older allowances where the provision is no longer required being written back to the statement of comprehensive income. This has resulted in a net increase of £73,000.

Amounts due from Group companies are unsecured, repayable on demand and interest free. Expected credit losses are based on the assumption that repayment of the loan is demanded at reporting date. No allowance for expected credit losses is deemed necessary.

15. Trade and other payables

	30 September 2020 £'000	30 September 2019 £'000
Current		
Trade payables	16,285	22,922
Other payables	9	16
Amounts due to Group companies	7,980	5,746
Accruals	186	436
Social security and other tax payable	180	284
	24,640	29,404

Amounts due to Group companies are unsecured, repayable on demand and interest free.

16. Share capital

	30 September 2020 £'000	30 September 2019 £'000
100 Ordinary shares of £1 each (2019: 100 shares)	-	-
	-	-

17. Dividend paid

Dividends paid in the year to the parent company totaled £1,350,000 (2019: £4,061,000).

Tamdown Group Limited

Notes to the financial statements

18. Financial instruments

	30 September 2020 £'000	30 September 2019 £'000
Current assets		
Trade receivables	26,483	29,263
Accrued income	4,386	-
Other receivables	5	-
Amounts due from Group companies	8,724	9,175
	<u>39,598</u>	<u>38,438</u>
Cash and cash equivalents	2,253	10,570
Total financial assets	<u>41,851</u>	<u>49,008</u>
Non-current liabilities		
Obligations under finance leases/hire purchase agreements	397	640
	<u>397</u>	<u>640</u>
Current liabilities		
Trade payables	16,285	22,922
Other payables	189	300
Accruals	2,715	3,665
Obligations under finance leases/hire purchase agreements	237	275
Amounts due to Group companies	7,980	5,746
	<u>27,406</u>	<u>32,908</u>
Total at amortised cost	<u>27,803</u>	<u>33,548</u>

19. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Board, they have assessed the exposure, policies and market conditions and consider there to be no change to the policies outlined below.

a) Market risk

Interest rate risk

As the Company carries very low levels of borrowings the Directors consider that there is no significant interest rate risk. Finance leases are at fixed interest rates.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. In order to minimise this risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

Tamdown Group Limited

Notes to the financial statements

19. Financial risk management (continued)

Management consider default to be when companies do not make payment when due, this would be further be considered as impaired when it becomes clear that no payment will be made. Historically and for the year to date no impairment to receivables have been made and therefore the expected credit loss is zero.

Provision of services by members of the Company results in trade receivables which the management consider to be of low risk. The management do not consider that there is any concentration of risk within either trade or other receivables.

c) Liquidity risk

The Company currently holds cash balances in sterling to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2020	Within 1 year £'000	Two to five years £'000	Over five years £'000
Net obligation under finance leases	259	422	-
Trade payables	16,285	-	-
Amounts owed to Group companies	7,980	-	-
Accruals and deferred income	4,361	-	-
Other payables	189	-	-

2019	Within 1 year £'000	Two to five years £'000	Over five years £'000
Net obligation under finance leases	310	640	47
Trade payables	22,922	-	-
Amounts owed to Group companies	5,746	-	-
Accruals and deferred income	3,665	-	-
Other payables	300	-	-

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in a volatile and tight credit economy.

The Company will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to insignificant amounts.

Capital for further development of the Company's activities will, where possible, will be funded from cash resources.

Tamdown Group Limited

Notes to the financial statements

20. Related party transactions

The Company has a related party relationship with other subsidiaries of Nexus Infrastructure plc. The balances are included within the disclosures on note 14 and 15. All intercompany transactions were at arm's length and comprised only of recharging of costs from subsidiary companies.

Compensation of key management personnel (comprising only Directors):

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Short term employee benefits	860	954
Post-employment benefits	7	6
	<u>867</u>	<u>960</u>

21. Ultimate parental undertaking

The immediate and ultimate parent company in the United Kingdom is Nexus Infrastructure plc, which is the smallest and largest group to consolidate these financial statements. The address of the registered office is 1 Tamdown Way, Braintree, Essex, CM7 2QL. Copies of the Nexus Infrastructure plc annual report and financial statements can be obtained from the Company Secretary at the registered office.

22. Contingent liabilities

Under a Group registration the Company is jointly liable for Value Added Tax due by other Group companies.

The Group's bank debt is guaranteed jointly and severally with other Group companies. At 30 September 2020 the bank debt covered by this guarantee amounted to £9,362,000 (2019: £4,745,000)

These debts are also secured by a fixed and floating charge over the assets of the Company.

23. Capital commitments

At 30 September 2020 the Company had no capital commitments (2019: nil).

24. Events after the reporting period

There are no events after the reporting period to disclose.