

Company number 11054197 (England and Wales)

OSBORNE GROUP HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

WEDNESDAY



AAE1PKE2

A02

29/09/2021

#24

COMPANIES HOUSE

OSBORNE GROUP HOLDINGS LTD

COMPANY INFORMATION

Company board

Chairman	A S C Osborne ^{1,2}	MA (Oxon), FCA
Chief Executive	A P Steele ¹	BSc (Hons), ARICS
Director	S Hammond	FCCA
Non-executive director	M J Strong ^{1,2}	FRICS
Non-executive director	A Little ^{1,2}	BA, FCIPS

Key

¹ = Member of Remuneration Committee

² = Member of Audit Committee

Company number	11056197	England and Wales
----------------	----------	-------------------

Registered office	Fonteyn House 47-49 London Road Reigate Surrey United Kingdom RH2 9PY
-------------------	--------------------------------------------------------------------------------------

Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crowley West Sussex RH10 1BG
----------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------

OSBORNE GROUP HOLDINGS LTD

CONTENTS

	Page(s)
Strategic report	1 - 9
S172 Report	10 - 12
Directors' report	13 - 15
Independent auditors' report	16 - 17
Consolidated income statement	18
Consolidated statement of comprehensive income	19
Consolidated statement of financial position	20
Company statement of financial position	21
Consolidated statement of changes in equity	22
Company statement of changes in equity	23
Consolidated statement of cash flows	24
Notes to the consolidated financial statements	25 - 44

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

The directors present their strategic report for the group for the 18 month period ended 30 September 2020.

We are a developer, building, civil engineering and property maintenance contractor and off-site manufacturer of buildings. Our diverse range of businesses allow us to explore opportunities with our customers, whilst also spreading risk.

Our core activities of building, civil engineering and property maintenance generate cash to allow us to invest in development and other strategic opportunities, including the provision of buildings manufactured off-site. Investing in long-term opportunities provides the potential to improve our long-term return to shareholders, and is aligned with our goal of creating sustainable business value growth.

Principal activities and review of the business

The company does not trade but is the ultimate parent and holding company of:

- The Geoffrey Osborne Limited group
- The Osborne Developments Holdings Ltd group
- Innovare Systems Limited

The principal activities of the Geoffrey Osborne limited group are building and civil engineering contracting and property maintenance. After the period end, Geoffrey Osborne limited disposed of its principal civil engineering contracting business, Osborne Infrastructure Limited on 16 September 2021. The sale will facilitate the alignment of the group's remaining businesses enabling them to work together with greater clarity of purpose.

The principal activity of the Osborne Developments Holdings Ltd group is property development.

The principal activities of Innovare Systems Limited are the design, manufacture and installation of structural insulated panel systems.

Overview of the business

The group's key financial and non-financial performance indicators during the financial period were as follows:

	18 months ended 30 September 2020	Year ended 31 March 2019
	£m	£m
Turnover	560.0	392.1
(Loss) / profit before taxation	(15.0)	2.3
Total net assets	5.5	17.8
Net cash ¹	8.8	27.8
Secured 12-month order book	270.5	306.5
Accident Frequency Rate (AFR)	0.12	0.17
Lost Time Injury Frequency Rate (LTIFR)	0.43	0.41
Environmental Incidence Frequency (EIF)	0.10	0.12
Average number of employees	966	1,052
Voluntary employee churn rate	11.0%	15.0%
Employee engagement	3.21	3.27

¹ Net cash equals Cash at bank and in hand less bank loans and amounts due under finance leases.

Turnover was divided among the group's key market sectors as follows:

	18 months ended 30 September 2020	Year ended 31 March 2019
	£m	£m
Affordable Housing Maintenance	64.1	58.8
Affordable Housing New Build	40.1	39.2
Commercial	82.3	48.8
Education	101.9	94.7
Healthcare	0.2	0.3
Highways	113.7	70.5
RoTi	157.4	78.5
Contracting activities	559.7	390.8
Sale of development land	-	0.9
Rental income	0.3	0.4
	<u>560.0</u>	<u>392.1</u>

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Overview of the business (continued)

The loss before tax of £15.0m (year ended 31 March 2019: profit £2.3m) is extremely disappointing but must be set against the unprecedented challenges presented by the COVID-19 pandemic. Against this backdrop, the group has continued the strategic realignment of its businesses to focus on sustainable opportunities utilising the group's core strengths to create a resilient business that is less exposed to market fluctuations.

The Infrastructure business's core activity continued to be the construction and maintenance of transport-related infrastructure, including roads, bridges and rail-related infrastructure. The prioritisation of infrastructure projects by the government as a means to kick-start the economy following the impact of the COVID-19 pandemic has provided a healthy pipeline of opportunities on which the business is capitalising through broadening its customer base and scope of services. Recent awards include new Rail Services maintenance contracts at Clapham Junction and Guildford stations and two new modular car parks at Hendon and Stevenage.

The focus of the Construction business is to secure and deliver social infrastructure projects, concentrating on the education and residential sectors, including purpose built student accommodation, local authority housing, mixed use schemes, self-build developments and modular schemes. Productivity was severely impacted by COVID-19 restrictions on a number of the Construction business's projects due to their location, with safe working practices being particularly difficult to establish on congested, city centre sites. There will be a shift in emphasis towards development led projects and collaborating with other parts of the group to deliver sustainable, intelligently designed spaces that improve people's lives. The Construction business has recently secured a number of significant projects and has a pipeline of identified prospects which will provide a solid workstream for the future.

The group's property maintenance business operates under framework term maintenance contracts with a number of local authorities and housing associations. Housing retrofits to help meet the government's carbon reduction targets provide a promising source of future revenue for our housing maintenance business, which has already been successful in being awarded a place on the Retrofit Innovation Partnership Framework for London.

Innovare, the group's offsite manufacturing business, is focused on supplementing its core education offering by developing innovative housing solutions and delivering projects for the group's development business, in partnership with our Construction business.

COVID-19 Pandemic

The COVID-19 pandemic has created unprecedented disruption across the world leading to impacts on the global economy, global healthcare and people's health, well-being and movements.

The group entered the pandemic period in March 2020 in a solid position from both a financial and operational perspective. During the first lockdown there were immediate impacts on the business and measures were put in place to allow safer, socially distanced working conditions. Most businesses within the group were able to make adjustments to allow COVID secure working and enable our teams to return to work as quickly and as safely as possible. Our Infrastructure business in particular has benefited from framework contracts targeted and secured pre-COVID which placed the business in a strong position to support the UK through the pandemic. However, our other businesses did suffer a downturn in volumes due to the pandemic. The Construction business had a number of difficult projects on city centre sites where social distancing rules have severely impacted productivity. Innovare had to severely curtail factory production to comply with the government's COVID-19 regulations; this has had a knock on effect into the current year due to the lead times in production. Our Property Services business was also affected during the initial lockdown as our workforce was not allowed to enter people's homes for anything other than emergency repairs.

Business continuity plans had to be updated and invoked swiftly during a time when the conditions in the economy and the government's response was changing rapidly. The group has primarily focused on the safety and well-being of its employees, most of whom have continued to work throughout the pandemic on sites or from home.

The group has taken advantage of some of the government support on offer by utilising the Coronavirus Job Retention Scheme. The group furloughed 30% of its total workforce in April 2020, reducing to just over 22% in June, 8% by August and everyone returning by October. The largest proportion of those furloughed initially were in our property services and manufacturing businesses.

The group has continued to operate throughout the government imposed lockdowns since 30 September 2020. Changes to working practices made during the first wave continued to be enforced and stricter measures have been implemented where necessary. Infrastructure projects continue to be promoted by the government and as such demand is currently high. The effects of COVID-19 are likely to continue for some time to come but with the successful roll out of the vaccination programme and the gradual easing of restrictions the Board are hopeful that the group's businesses will be able to continue to operate as near normal as possible.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Forward orders

The secured 12 month order book at £270,500,000 at 30 September 2020 was 0.4% higher than a year earlier (30 September 2019: £269,400,000, 31 March 2019: £306,500,000). The secured 12 month figure is the estimated sales for the next 12 months on projects where there is either a contract or a letter of intent. In addition, the group had £58,200,000 (30 September 2019: £75,100,000, 31 March 2019: £65,300,000) of orders for the next 12 months in second stage or single source negotiation. The mix of work reflects the changing operating environment and the implementation of the group's strategy, with the Infrastructure business benefiting from long-term framework agreements with Highways England and Network Rail and government-led infrastructure investment initiatives during the pandemic, and Built Environment implementing a more focused, selective approach to project

The overall forward order book at 31 August 2021 stood at £825,800,000 (30 September 2020: £515,600,000; 30 April 2019: £766,000,000).

Safety, health and environment (SHE)

The group's safety, health and environment (SHE) performance contributes to our overall reputation with stakeholders. Any incident that causes harm has the potential to damage our reputation and reduces the likelihood of securing future work. The group operates established and robust health, safety and wellbeing systems, which include regular site visits by internal SHE staff, regular monitoring and reporting, and recording improvement opportunities including near misses. Regular health, safety and wellbeing briefings and our STOP Think! behavioural training also forms part of the mitigation of this risk. During the current financial period the group has upgraded its SHE management systems, transferring all data, procedures, guidance and forms to a digitalised platform, providing more detailed and accessible management information from which senior management decisions are made.

Whilst safety remains of fundamental importance in everything the group does, the directors continue to recognise that health and wellbeing are of equal importance. The group has had to adapt its approach to health and wellbeing training during the period with all face to face training suspended due to COVID-19. Having previously taken part in the Mind Workplace Wellbeing Index and achieving a Silver Award for 2019-20, the Group is now working with the Road Safety Standards Board to develop a Health and Wellbeing Index which is more specifically aligned to the sectors in which we work. A pilot index is underway with a view to bringing it online in 2022. Recognising that mental health is still incredibly important in the construction sector, the group has over 75 trained mental health first aiders in place.

The group has continued to target a number of key SHE performance indicators during the 18 month period ended 30 September 2020. The headline figure of Accident Frequency Rate (AFR) has improved from 0.17 to 0.12. This valuable, albeit lagging, indicator is supplemented by other leading indicators such as senior management tours, identification of Improvement Opportunities, training attendance and inspection close out rates. Lost Time Injury Frequency Rate (LTIFR) has deteriorated slightly from 0.41 to 0.43 and Environmental Incidence Frequency rate has improved from 0.12 to 0.10. To focus on improvement of these indicators the group has developed a set of task-focused objectives and key results, with designated responsibilities for individuals, aligned with the findings of the annual health and safety audit process.

Sustainability

Unsustainable resource use, climate change, pollution and biodiversity all present significant challenges to humanity. As the world recovers from the COVID-19 pandemic, the group is keen to play its part in 'building back better', by investing in and collaborating with the communities we serve, being an employer of choice, achieving net zero carbon emissions by 2035 and protecting and enhancing our environment for present and future generations. The group is developing its detailed Carbon Strategy to align with the nine 'Construct Zero' priorities developed by the Construction Leadership Council.

Improving construction methods are key to the construction sector improving environmental standards and sustainability. Construction activities are estimated to contribute 40% of the UK's total carbon footprint, and waste statistics showed that in 2016, 63% of the total waste stream in England was attributed to construction, demolition, and excavation waste with 5 million tonnes still going to landfill. The ability of the construction sector to learn, develop and innovate has far reaching impacts on society and on the planet. The construction business is charged with developing a more systemised approach to building, with increasing levels of off-site, pre-manufactured components and stronger, long-term partnerships with specialist suppliers to develop cost-effective low carbon solutions.

In March this year the group refreshed its Sustainability Strategy and incorporated several new ambitious improvement objectives, including a commitment to science-based targets, biodiversity assessments, achieving ISO 20400 for sustainable procurement by 2024 and ultimately reaching zero carbon by 2035. At a product level the group is focused on creating and introducing carbon neutral solutions. The group is developing its digital strategy to integrate and streamline its processes, putting reliable data at the heart of the decision-making process and empowering users to deliver sustainable efficiencies and improved resource utilisation.

In April the group launch its new Car Policy, substantially increasing the range of hybrid and electric options available, enabling all company car drivers to benefit from lower emissions. The group anticipates that by 2024 nearly 50% of our vehicles will be hybrid or full electric cars.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Energy performance results

This is the first reporting period for which the group is required to report its energy performance results under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. In line with its previous financial reporting date, the group has chosen to collect and report data in respect of its energy performance for years to 31 March, and is presenting data for the years to 31 March 2021 and 2020. This report covers the company and its subsidiary undertakings.

The total consumption figures for energy supplies are as follows:

	Year ended 31 March 2021	Year ended 30 March 2020
	kWh	kWh
Transportation (Scope 1, 2 and 3)	3,288,601	8,928,066
Gaseous and other fuels (Scope 1)	9,280,801	5,384,442
Gaseous and other fuels (Scope 3)	1,829,207	-
Grid-Supplied Electricity (Scope 2)	1,632,663	2,398,544
Total	16,031,272	16,711,052

The total emission figures for energy supplies are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
	tCO ₂ e	tCO ₂ e
Transportation (Scope 1, 2 and 3)	776	2,267
Gaseous and other fuels (Scope 1)	2,363	1,353
Gaseous and other fuels (Scope 3)	468	-
Grid-Supplied Electricity (Scope 2)	381	613
Total	3,988	4,233

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as the group's vehicle fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the group, such as business travel undertaken in employee-owned vehicles. For the year ended 31 March 2021, Scope 3 data includes subcontractor fuel used on the group's projects.

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance, utilising the current published kWh calorific value and kg CO₂e emission factors relevant for the reporting year ended 31 March 2021.

The intensity ratio (which measures emissions in relation to annual turnover) is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
	tCO ₂ e / £m	tCO ₂ e / £m
Intensity ratio	11.3	11.3
Annual equivalent turnover (£m)	352.9	373.3

Annual equivalent turnover is calculated by apportioning reported turnover to the relevant periods.

Waste management

As with energy performance, the group has chosen to collect and report data in respect of its waste management performance for years to 31 March, and is presenting data for the years to 31 March 2021 and 2020. This data below covers the company and its subsidiary undertakings.

	Year ended 31 March 2021	Year ended 31 March 2020
	tonnes	tonnes
Total waste	157,742.5	181,979.1
Total waste diverted from landfill	142,094.1	160,412.1
Percentage diverted from landfill	90.1%	88.1%

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Corporate responsibility and community investment

The group takes its social responsibilities seriously. In its drive to be a sustainable business, the group recognises that its impact goes far beyond the physical build. How we behave, how we treat others in our work and public communities, how we learn, develop and innovate has far reaching impacts on society, and is at the heart of vision and purpose: to use modern methods of construction and low carbon design to deliver sustainable, intelligently designed spaces that improve people's lives. Guidance on professional and ethical conduct is set out in the group's Governance Manual, which is available to all employees on the group's intranet. The board fully support a more diverse and inclusive business, and our Equality, Diversity and Inclusion and sustainability strategies collectively support us in this aim.

The group contributed £40,000 in charitable donations during the financial period (year ended 31 March 2019: £78,000). The decrease reflected the challenging operating environment presented by the COVID-19 pandemic, in terms of both the group's financial performance and the restrictions placed on communal activities. The group retains its commitment to donate 1% of its profits to charitable causes, prioritising requests from local charities, charities that cater for the care of children, the disabled, or the disadvantaged or underprivileged, and Construction related charities.

We actively encourage engagement with our local communities through individual and group activities and events, listening to customer and community concerns and acting accordingly. Giving back to our local communities continues to grow with a variety of initiatives, including creating pathways to employment through work experience placements, mock interviews and mentoring.

Common brand and values

The group's business is complex. Every day there are thousands of interactions between colleagues and with customers, suppliers and the public.

The group has a clearly defined purpose: to provide sustainable, intelligently designed spaces that improve people's lives. The group's vision is to deliver its purpose through the use of modern methods of construction and low carbon design, with an embedded learning culture and driven by its core values: quality, integrity, openness, caring and progressive.

A Code of Ethics has been published, detailing the group's values and providing guidance to direct our employees' decision making in their everyday actions when needed. The Code helps the directors and all employees to hold themselves and colleagues to account for their behaviour. It explains what individuals should do if they experience any behaviour that they believe is unethical, illegal or which falls short of our expected standards. The group has a whistleblowing policy to protect employees who wish to report any unethical, illegal or inappropriate behaviour, and works with Protect, an independent whistleblowing charity, who provide confidential advice.

Supply chain

Working more closely with key supply chain partners is aligned to our long term sustainable business goal, as it provides more certainty to project outcomes, and remains an important part of the group's supply chain approach.

One important aspect of our relationship with our supply chain is paying fairly. We continue to monitor and report on our payment practices in accordance with statutory requirements. Geoffrey Osborne Limited's average time to pay has improved to 31 days for the six months ended 30 September 2020 and 30 days for the six months ended 31 March 2021 (six months ended 31 March 2019: 42 days), with 77% of invoices paid within agreed terms (6 months ended 31 March 2019: 63%). The contractors sector average time to pay is 35 days, with 65% of invoices paid within terms.

The group is proud to be a signatory to the Prompt Payment Code, to which we undertake to pay suppliers on time and encourage good practice. Paying 95% of invoices within 60 days is also a target under the Code, and the group is working towards achieving this goal, renegotiating long-standing agreements with national suppliers where relevant. For the six months ended 31 March 2021 and 30 September 2020 the group has paid 93% of invoices within 60 days (6 months ended 31 March 2019: 87%).

As part of our commitment to industry best practice we collaborated with a specialist provider to develop and adopt a simple to use cloud based payment processing service. The Webcontractor system, which is in use across most of our businesses, provides our subcontractors with an unrivalled level of transparency as to where each payment application is in the payment process. The system also includes controls that ensure compliance with payment provision under the 2009 Construction Act and enables increased levels of visibility around paying our subcontractors on time.

The group won the award for Best Use of Technology at the Construction News Awards 2019 for its implementation of the Webcontractor system. The Webcontractor system is now beginning to be used by other contractors.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

People engagement

Motivated and engaged people who embrace the idea of a learning organisation are integral to the group's sustainable business goals. The group continues to use an independent employee engagement survey process. This allows the group to measure and compare the degree of employee engagement with a benchmark of over 17 million responders.

The directors are satisfied that the overall engagement score is ranked as 'Good' in comparison with the benchmark, although it has decreased to 3.21 from 3.27 last year due to the disruption caused by the COVID-19 pandemic. The group is continually striving to learn and improve our engagement scores. The group has nine engagement champions who have been trained to use and interpret the survey data and work with line managers to drive the development and implementation of action plans.

The group fosters a learning culture, encouraging all employees to take responsibility for their own development and providing a suite of tools to further develop their technical and interpersonal skills to further their career and to help the group achieve its purpose. The People team is constantly striving to refresh and innovate the learning tools and knowledge available, which has been a particular challenge over the last eighteen months due to the restrictions on face to face contact.

The directors have been greatly impressed and encouraged by the ability of our people and teams to adapt to new ways of working during the COVID-19 pandemic. More flexible, hybrid working arrangements that balance workplace capacity, business priorities and personal needs will become the norm. The People team is working with operating businesses and heads of function to determine how specific roles can best be delivered through hybrid working and ensuring the necessary support is in place.

The voluntary employee churn rate has reduced to 11.0% (31 March 2019: 15.0%), in line with the group's target.

The group provides a confidential employee assistance programme that is available 24/7 to all employees, which offers independent guidance and advice on any personal or work-related issues.

Training

The group has continued to foster a learning culture, despite the challenges created by the COVID-19 pandemic, with all training having to be provided remotely. This includes material developed specifically to address the safe working requirements in relation to the pandemic. Across the group 2,760 (year ended 31 March 2019: 3,287) formal training days have been delivered to employees.

In April 2019 the group implemented a new Learning Management System ("LMS"). The LMS supports all employees to keep track of their learning history, compliance training requirements and provides access to thousands of online learning opportunities, and facilitates the centralised analysis and reporting of training throughout the organisation.

The STOP Think! Cultural Development programme has continued to have a significant impact. In all, 698 people attended the STOP Think! programme. Our customers and supply chain partners are actively engaged in this and support the programme by committing their own employees time to attend the events.

Gender pay gap

Gender Pay Gap reporting provides a measure of the difference in the average pay of men and women. Organisational changes implemented during the 18 month period ended 30 September 2020 have affected which entities within the group are required to report Gender Pay Gap data in accordance with Government requirements. The published figures are based on data collected at a specified reference date (5 April 2020). The directors are pleased to see that these results are moving in the right direction but we are still working to improve the gap.

The median gender pay gap is the difference in pay between the middle value of male and female employees ranked in order of highest salary to lowest salary. The mean gender pay gap shows the difference in average hourly pay between men and women.

The directors were particularly pleased to note that the mean gender pay gap result of 19.9% has improved from 20.8% the year before, and from 28.9% two years ago. The median pay gap result has also improved to 22.4% from 24.3% the previous year and 29.3% two years ago.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Financial performance

Results

The loss before taxation was £14,973,000 (year ended 31 March 2019: profit £2,253,000). After making provision for taxation the loss for the financial period was £11,887,000 (year ended 31 March 2019: profit £1,703,000). The consolidated income statement for the year is set out on page 18. Clearly, the results have been significantly impacted by the COVID-19 pandemic, however it is not possible to separate out and quantify all aspects of the pandemic's financial impact.

Net assets

Total net assets have decreased to £5,498,000 (31 March 2019: £17,801,000), a decrease of £12,303,000. This decrease is primarily due to the loss for the financial period and interim dividends totalling £710,000 paid in July 2019 and February 2020, prior to the COVID19 pandemic impacting the business. The group's freehold property was revalued during the 18 month period ended 30 September 2020, resulting in a £551,000 revaluation gain. An actuarial loss of £180,000 was recognised in respect of the defined benefit pension scheme. The directors do not recommend the payment of a final dividend in respect of the financial period.

Net cash and debt

The group's cash balance has decreased to £16,419,000 (31 March 2019: £28,438,000), largely due to operating cash outflows of £12,984,000 (year ended 31 March 2019: inflows £463,000). The group's net cash, comprising cash at bank and in hand less bank debt and finance lease obligations, was £8,799,000 at 30 September 2020 (31 March 2019: £27,840,000). During the 18 month period ended 30 September 2020 the group arranged a £2,025,000 mortgage on a freehold property and drew down £5,211,000 of an £8,000,000 loan facility arranged to fund the development of an investment property. The group also has in place a £5,000,000 supply chain finance and short-term working capital facility which was utilised for short periods during the financial period. The group continues to maintain a conservative level of trading cash in order to maintain adequate working capital to withstand any unforeseen cash challenges.

Defined benefit pension scheme

The group continued its deficit reduction contributions during the 18 month period ended 30 September 2020, contributing £1,335,000 (year ended 31 March 2019: £1,014,000) to the defined benefit pension scheme. The pension deficit liability calculated in accordance with FRS 102 has decreased to £845,000 at 30 September 2020 (31 March 2019: £1,755,000). The triennial actuarial valuation as at 31 March 2019 was completed during the period, resulting in an actuarial deficit of £2,258,000, with the actuarial value of the plan's assets representing 74% of the plan's actuarial liabilities (1 April 2016: 88%). The board has agreed a schedule of contributions aimed at eliminating the actuarial deficit by July 2022.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are set out below.

Leadership and management capability

The success of the group is dependent on its ability to attract and retain people with the necessary capability, character, experience and expertise. There is always competition for talent within the industry. The group offers competitive remuneration packages and encourages a positive, learning culture to attract and retain suitable Osborne has continued to develop and strengthen its senior teams in 2019/20 to ensure they are fully aligned with and able to deliver the group's business plan. Significant organisational changes have been made during the 18 months ended 30 September 2020 and a number of key appointments made to strengthen management accountability in key business streams.

COVID-19

Despite the apparent success of the vaccine roll out in the UK, the impact of the global COVID-19 pandemic continues to be felt, in terms of revised working practices, employee and subcontractor absence, and materials shortages due to logistical issues. During the early stages of the pandemic the group moved quickly to establish safer, socially distanced working arrangements to enable our site teams to return to work as quickly and safely as possible, and to facilitate remote working for those individuals able to do so. Changes to working practices made during the first wave of the pandemic have continued to be enforced and stricter measures have been implemented where necessary. The group will continue to monitor the impact of the pandemic and the effectiveness of mitigating measures as mandatory restrictions are eased, and will act swiftly to safeguard our workforce, customers and other stakeholders. With strict operating protocols in place the Board are hopeful that the Group's businesses will be able to continue to operate as near normal as possible.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties (continued)

Brexit

Brexit uncertainty is a key issue that all organisations have had to face over the last few years. Although the UK formally left the EU in January 2020, the ramifications of this event directly on the group and on the wider economy have continued to be felt. The impact of Brexit has been compounded by the COVID-19 pandemic which has also provided a significant jolt to the wider economy.

This is a complex set of circumstances that continue to change with many unknowns that makes it extremely difficult to accurately assess and mitigate the associated risks. Our investigations principally fall into two main risk elements, our people (availability of skilled trades and supervision) and materials (particularly those sourced and supplied from the EU).

The group purchases some goods from mainland Europe, and hence is exposed to potential adverse movements in the long-term Euro exchange rate and potential delivery delays or shortages. Movements in exchange rates and any long-term trends are reviewed regularly to ensure the risk of losses on foreign currency transactions are kept to a minimum. Stock levels held by the group and supplier resilience are regularly reviewed to mitigate against any potential delivery delays.

Leaving the EU has also impacted on the availability of skilled workers given the relatively large proportion of the labour force, particularly in the group's main geographical area of operations, that came from Europe. The group maintains regular contact with suppliers and subcontractors to ensure supply is available in line with project timelines.

Market risk

Following the collapse of Carillion in January 2018 and Interserve entering administration in March 2019, the fragility of some of the larger operators in the industry continues to cause concern, in particular the impact these major events can have on the industry's wider supply chain. This remains a significant risk in the coming year, particularly given the impact of the COVID-19 pandemic and Brexit on the wider economy, and the group continues to assess its own suppliers' exposure and vulnerability.

Project delivery

Poor operational delivery of projects, whether through late delivery or quality of workmanship, could incur additional costs that erode profit margins and cash. It is also possible that customer experiences fall short of group standards, potentially leading to reduced repeat work or referrals.

The increasing use of technological innovations such as the Project Information Management (PIM) mobile app enables our employees to capture and log images that evidence specification and workmanship compliance and raise observations that require rectification, prior to projects being handed over to customers.

The group recognises the importance of strong collaborative working relationships on the quality of outcomes. The group is developing a supply chain community that shares Osborne's values and promotes and visibly demonstrates these values through their behaviours at both a corporate and individual level.

As noted above, project delivery has been significantly impacted by the COVID-19 pandemic, with significant project delays caused by government restrictions, revised working practices in accordance with government regulations and industry guidelines and absences due to infection or self isolation.

The group's governance process has formal gateways designed to minimise volatility and maximise the opportunity to deliver continuous improvement in project delivery. This process has benefitted from several external audits to make continued improvements. The group continues to be certified for ISO 9001, ISO 14001 and ISO 45001.

The established Improvement Opportunities (IO) process allows ideas to be logged far quicker and easier and from remote locations. Group-wide IO panels are established to review, action and feedback to those individuals raising improvement ideas, as well as escalating recommendations for Board endorsement and investment.

Contractual claims

At 30 September 2020 the financial position of all contracts has been assessed, which has included for a number of contracts an assessment of entitlement to revenue from unagreed variations to contracts or contractual claims. Where significant recovery from variations or claims is taken to value the directors and senior management team independently scrutinise the position recognised to satisfy themselves that the amounts recognised are appropriate based on the specific circumstances of the associated contracts. For material claims independent advice is sought to help the directors form this assessment. The directors are of the view that the amounts they have recognised at 30 September 2020 are probable of recovery and do not expect any adverse impact on reported results in relation to this item.

OSBORNE GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties (continued)

Liquidity and financing

Following the collapse of Carillion and Interserve, the contracting sector has suffered from a lack of confidence on the part of external debt and liquidity providers. The group seeks to maintain a strong cash balance to mitigate the need for borrowing and to provide financing options for development opportunities.

The group relies upon bond facilities for traditional construction and infrastructure projects, and has facilities with six sureties to provide enough bond capacity for the foreseeable future. No speculative trading in financial instruments is carried out.

The group has an increasing number of project bank accounts, however, these have not had a significant impact on cash flow. There has also not been a significant impact on our cash flow due to paying suppliers earlier as a result of working towards an improvement in our payment practices performance.

Scenario planning is regularly reviewed by directors in relation to cash forecasting, particularly prior to making material cash investment decisions.

The importance of financial risk management remains. The group continues to operate a comprehensive trade contractor vetting process alongside procedures to ensure credit and other financial checks are carried out on both customers and trade contractors as appropriate. Credit insurance is obtained where appropriate.

On behalf of the board



Andrew Steele
Group Chief Executive
28 September 2021

OSBORNE GROUP HOLDINGS LTD

SECTION 172 STATEMENT FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Under section 172 of the Companies Act 2006, the directors have a duty to promote the success of the group for the benefit of the members as a whole and, in doing so, they should have regard to (amongst other matters) six specified areas that relate, by-and-large, to wider stakeholder interests:

- The likely consequences of any decision in the long-term;
- The interests of the group's employees;
- The need to foster business relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment;
- The need to maintain a reputation for high standards of business conduct; and
- The need to act fairly between members of the company.

The directors consider, both individually and collectively, that in the decisions taken during the period under review, they have complied with these requirements. How they have done so is set out in the sections below.

As a board, the directors understand that the business can only grow and prosper over the long-term if the group understands and respects the views and needs of customers, employees, supply chain partners and the environment and communities in which it operates, as well as the shareholders to which they are accountable.

Long-term strategy and vision

The board meets regularly and is responsible for establishing the group's long-term strategy and vision and ensuring that these are communicated and aligned across the business.

The Board approves and regularly reviews progress against the group's long-term strategic plans and annual budgets. Against a backdrop of significant challenge in the industry due to Brexit, the COVID-19 pandemic and the increasing focus on climate change, the group has undergone a period of reflection resulting in a renewed purpose and vision: to provide sustainable, intelligently designed spaces that improve people's lives, delivered using modern methods of construction and low carbon design. The group's strategy is to grow the business sustainably, improving outcomes and reducing risk through leveraging the development and off-site manufacturing opportunities in its chosen markets.

In setting the long-term strategies and vision for the business and taking decisions during the financial year, the board has regard to the key stakeholder groups and matters outlined below.

Employees

The long-term success of the business is predicated on the commitment, skill and knowledge of the workforce. The board fosters a collaborative, open and learning culture to ensure that employees are empowered to deliver the sustainable services our clients need in accordance with the group's core values: quality, integrity, openness, caring and progressive.

Regular employee engagement is conducted through a number of channels, including surveys, regular emails and newsletters, social media and instant messaging channels, group intranet news and blogs, working groups on strategic topics such as diversity and wellbeing, performance reviews and feedback, and face to face meetings. The board takes employee feedback seriously, ensuring that action plans are developed and implemented to address issues identified through regular employee surveys.

During the period under review, employees have had to cope with the extraordinary demands and stresses of the COVID-19 pandemic, with site operations curtailed, strict safe-working practices introduced and many staff working remotely for long periods of time. The board had to take some difficult decisions during the pandemic to ensure the long-term viability of the group and protect jobs for the long-term, including temporary periods of furlough and salary cuts and some redundancies. The board is grateful for the resilience and adaptability demonstrated by employees in engaging with customers and supply chain partners to establish safe working practices and operating procedures, enabling work on our sites to continue. Recent experience has shown that employees can work flexibly. The board recognises that flexible or hybrid working offers many benefits, for the individual, for the environment and for the business, and is keen to work with its employees to ensure working practices balance workplace capacity and business priorities with personal needs and circumstances.

Customers

The board recognises that engagement through listening, understanding and responding to customers is critical to the long-term success of the business. The directors engage with customers through regular meetings, correspondence, site meetings and digital and social media channels. The feedback from customer engagement helps to inform the long-term strategies, budgets and business plans regularly reviewed by the board. This includes, but is not limited to, the way in which teams communicate and collaborate with customers, quality improvements,

During the period under review the group has focused on the needs of customers in response to the COVID-19 pandemic, in particular to ensure site operations can be conducted safely and within government and industry rules and guidelines, and communicating the impact of the pandemic on key milestones and deadlines. Customers have also been kept up to date on the impact of key legislative changes, such as the domestic reverse charging arrangements for VAT.

OSBORNE GROUP HOLDINGS LTD

SECTION 172 STATEMENT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Supply chain partners

The group recognises that its success and reputation are inextricably linked to its relationships with key supply chain partners. These supply chain partners include suppliers of materials and components, specialist subcontractors and labour resource providers. The group seeks to develop long-term relationships with supply chain partners who share the group's values.

Engagement with supply chain partners takes many forms across the group, including regular meetings at project and management level, regular surveys and feedback, conferences, workshops and trade forums, the provision of training and participation in working groups and shared workspaces. This engagement helps to identify and inform potential improvements in the group's policies, processes and procedures, methods and style of communication, and the long-term business plans approved by the board.

The board recognises the significance of cash flow and prompt payment to supply chain partners and agrees policies, procedures and contract terms accordingly. The group has in place a reverse factoring arrangement which enables suppliers to access early payments on discounted terms.

During the period under review the board considered and directors actively engaged with supply chain partners on COVID-19 safe operating procedures, the requirements and implications of the reverse charging arrangements for VAT and IR35 regulations.

Shareholders

As a privately owned family business with a relatively small group of shareholders, the board has a keen interest in understanding ultimate shareholders' views and objectives and reflecting those in developing its long-term strategic plans.

The board promotes an open relationship with the shareholders. Shareholder engagement is promoted through the Chairman and includes feedback and analysis communicated through annual and quarterly reports, supplementary correspondence and regular and informal meetings.

The ultimate shareholders are updated on the group's progress on a quarterly basis, including a summary of the results and key developments in the business. During the period under review the shareholders were kept aware of the group's progress in developing and delivering on its chosen strategies to enhance long term value and reduce risk. The last 6 months of the reporting period and beyond have been dominated by the group's response to the COVID-19 pandemic. Through regular updates the shareholders have been kept informed of the impact of the pandemic on the group's businesses, the mitigating actions taken by the board and the consequences of those actions for the shareholders and other stakeholders.

The interests of the shareholders and senior management are aligned through a long-term incentive plan which enables senior executives to benefit from the long-term value creation of the group.

Communities and environment

The group's core purpose is to provide sustainable, intelligently designed spaces that improve people's lives. Each of the group's businesses is tasked with contributing to better outcomes across every stage of the property lifecycle, using modern methods of construction and low carbon design, and operating in accordance with our core values; quality, integrity, openness, caring and progressive. The board is committed to building a diverse and inclusive business, attracting new talent to the business from a wider range of backgrounds to foster creativity, innovation and problem solving.

During the current year the group has refreshed its Sustainability Strategy, incorporating several new improvement objectives and renewing its commitment to developing carbon neutral solutions.

Our communities are as important to us as the buildings we leave behind. That's why we create opportunities to improve local communities, providing a positive social and environmental impact. Social value is considered in all aspects of our business, from local recruitment, local supply chain partners, upgrading community facilities, equipment and material procurements, providing works placement and appointing apprenticeships, to supporting a local cause. Creating positive outcomes for people and their local area is our key driver and is aligned to our core values and culture.

To capture the huge scope of our social and environmental impacts we have adopted Thrive ImpactUK as our partner to efficiently measure our performance. Thrive enables us to capture data, understand the financial value and seamlessly demonstrate this to our stakeholders with live transparent data.

The group is committed to supporting clients to improve people's lives through creating opportunities. Our social value programmes are developed with our supply chain partners to deliver positive outcomes that we can calculate and understand the financial value as well as the local personal benefit. Thrive will ensure that our social value data will be captured, enabling us to provide assurance around how we collect this information and report on the impact. Our Social Value Steering Group (SVSG) will meet quarterly to review outcomes and review opportunities to improve our standards and to consider the pillars of social value, their impact and review targets.

The group actively encourages its employees to engage with and contribute to the communities in which we live and work, listening to customer and community concerns and acting accordingly, and supporting numerous charitable and community organisations through the donation of both time and money.

OSBORNE GROUP HOLDINGS LTD

SECTION 172 STATEMENT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Other stakeholders

Other major stakeholders include the group's insurers, bankers, surety providers, advisors, pension trustees, regulators and HMRC.

With all these other stakeholder groups, the directors maintain regular, open and collaborative dialogue to ensure that all parties are kept informed and listened to. Through regular updates and face to face meetings, insurers, banks and surety providers are kept informed of current performance, forecasts, objectives, and any other matters of relevance to their interaction with the group.

The group has maintained regular dialogue with HMRC during the period under review, including the group's response to the COVID-19 pandemic through its use of the Coronavirus Job Retention Scheme and deferral of employee taxes and VAT payments.

The directors meet regularly with the pension scheme trustees and their advisers, including in response to the triennial valuation of the defined benefit pension scheme as at 31 March 2019, which was completed during the period under review. The directors have agreed a schedule of contributions aimed at eliminating the actuarial deficit by July 2022.

Business conduct

The board embraces and promotes the group's core values of quality, integrity, openness, caring and progressive in all its dealings. Guidance on professional and ethical conduct is set out in the group's Governance Manual, which is available to all employees on the group's intranet. Through its embedded learning culture, the group constantly strives to reinforce its core values in everything it does, ensuring that the highest standards of business conduct are met. The group has a whistleblowing policy to protect employees who wish to report any unethical, illegal or inappropriate behaviour, and works with Protect, an independent whistleblowing charity, who provide confidential advice.

On behalf of the board



Andrew Osborne
Chairman
28 September 2021

OSBORNE GROUP HOLDINGS LTD

DIRECTORS' REPORT FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

The directors present their annual report and the audited financial statements of the group and company for the 18 month period ended 30 September 2020.

Directors

The following directors have, unless otherwise stated, held office since 1 April 2019 and up to the date of the signing of the financial statements:

A S C Osborne	M J Strong
A P Steele	A Littley
S Hammond	

Going concern

The group meets its day to day working capital requirements through its own cash reserves and loan facilities, including a £5 million supply chain finance and working capital facility which it draws on as required. At 30 September 2020 the group had a positive cash balance of £16,419,000 (31 March 2019: £28,438,000) and debt of £7,620,000 (31 March 2019: £598,000), comprising bank loans and finance leases.

The directors have reviewed the forecast future performance of the group and cash flow forecasts prepared by management covering the period to 30 September 2022, including the impact of the disposal of the infrastructure business on future trading performance and cash flows. The projections have been sensitised to take into account reasonably possible changes in key underlying assumptions including future workload and margins. Having made appropriate enquiries, the directors are satisfied that the group has adequate resources to continue operating for the foreseeable future. For this reason the directors have continued to adopt the going concern basis when preparing the financial statements.

Financial risk management

The group's activities expose it to a variety of financial risks. The directors consider that credit risk and liquidity risk are the main financial risks. Credit risk is managed by performing relevant checks on any potential new customers and suppliers as well as periodic reviews of existing key customers and suppliers. Liquidity risk management to enable the group to meet its obligations as they fall due is carried out through the preparation and monitoring of cash flow forecasts, daily cash reporting and prompt chasing of debts as they fall due.

Dividends

Two interim dividends totalling £710,000 (year ended 31 March 2019: two interim dividends totalling £698,000) were approved and paid in July 2019 and February 2020, prior to the COVID-19 pandemic impacting the business. The directors do not recommend the payment of a final dividend in respect of the 18 month period ended 30 September 2020 (year ended 31 March 2019: £nil).

Future developments

The directors consider that the breadth of activities undertaken by the group and the quality of relationships with its customers leaves it well placed to deal with any structural changes that may occur in the market.

The group has undergone a period of reflection against a backdrop of significant changes in our markets caused by Brexit, the COVID-19 pandemic and increasing concerns about climate change. Structural changes within the group and the strengthening of empowered management teams have enabled the group to focus on its core purpose of providing sustainable, intelligently designed spaces that improve people's lives, using modern methods of construction and low carbon design.

Charitable contributions

During the 18 month period ended 30 September 2020 the group made charitable donations of £40,000 (year ended 31 March 2019: £78,000) as set out below. The group has committed to donate 1% of profit to charities each year, with priority given to requests from local charities, charities that cater for the care of children, the disabled, disadvantaged or underprivileged, and construction related charities.

	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Educational charities	5	9
Local community charities	10	11
Demelza Children's Hospice	-	25
National welfare charities	25	33
	<u>40</u>	<u>78</u>

No contributions were made to any political party (year ended 31 March 2019: £nil).

OSBORNE GROUP HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Employee involvement

The directors view the engagement and motivation of everyone in the group as key to the success of the business and its customers and suppliers. To achieve this, constant and consistent communication is critical at all levels. The directors monitor that managers hold regular, open, two way discussions with our people to enhance engagement, involvement and performance. Our people are encouraged to personally engage with seeking and participating in improvement opportunities, however small or large.

Each business area holds employee roadshows and holds cascade briefings as appropriate. These localised actions are supported by a wider range of group communication and engagement activities including inductions, e-bulletins and a newly launched Learning Management System. Leadership and development training is an important part of our business planning, helping our people to deliver to their full potential in line with the group's growth and profitability targets. An annual engagement survey is carried out to help monitor employee engagement as well as identify priority areas for action.

Our annual Chairman's Awards provide an opportunity to celebrate and share success. The scheme is open to nominations across the group and our supply chain, and is extremely well supported, attracting over 200 nominations. We also recognise employees who have achieved 10, 20, 30 and 40 years' service to the company at our annual Long Service Awards evening.

Disabled persons

The group gives every consideration to applicants with disabilities where the requirements of the role can be adequately performed with reasonable adjustments to support the employee once in post. With regard to existing employees that have declared a disability and those who have become disabled during the period, the group has continued to examine reasonable adjustments to support continuing employment. The group understands that career opportunities are important to all our employees and provides training, career development and promotion identical to that of an employee who does not suffer from a disability. This practice is reflected within our Equality, Diversity and Inclusion Strategy and supports our continuing quest to shape a diverse workforce.

Directors' indemnities

The company purchased and continues to maintain directors' and officers' liability insurance cover in respect of itself and its directors.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Events after the reporting period

On 16 February 2021, the group sold the entire issued share capital of Osborne Developments (Norwich) Limited to a related party, Rosewood Development Holdings Ltd, for £1. All amounts owed by Osborne Developments (Norwich) Limited to the company were repaid on that date.

On 18 May 2021, the group sold the entire issued share capital of Osborne Developments (Colchester) Limited to Rosewood Development Holdings Ltd for £2,129,000. All amounts owed by Osborne Developments (Colchester) Limited to the company were repaid on that date.

On 18 August 2021, and in accordance with its core strategy, the group announced the disposal of its infrastructure business. The sale completed on 16 September 2021. The sale will facilitate the alignment of our remaining development, construction, property services and manufacturing businesses, enabling them to work together with a greater clarity of purpose to grow as a sustainable and profitable business.

OSBORNE GROUP HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board



Stuart Hammond

Director

28 September 2021

OSBORNE GROUP HOLDINGS LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSBORNE GROUP HOLDINGS LTD

Report on the audit of the financial statements

Opinion

In our opinion, Osborne Group Holdings Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group and company's affairs as at 30 September 2020 and of the group's loss and the group's cash flows for the period from 1 April 2019 to 30 September 2020;
- 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 report and financial statements (the "annual report"), which comprise: the consolidated and company statements of financial position as at 30 September 2020, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

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 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.

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.

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 period 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 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.

OSBORNE GROUP HOLDINGS LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSBORNE GROUP HOLDINGS LTD (CONTINUED)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, 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. 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 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
Gatwick
28 September 2021

OSBORNE GROUP HOLDINGS LTD

**CONSOLIDATED INCOME STATEMENT
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Note	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Turnover	4	559,972	392,141
Cost of sales		(536,786)	(359,268)
Gross profit		23,186	32,873
Administrative expenses			
Exceptional items	5	-	(657)
Other administrative expenses		(44,625)	(32,872)
Total administrative expenses		(44,625)	(33,529)
Other operating income	6	1,722	-
Operating loss		(19,717)	(656)
Fair value movements	13	2,171	-
Share of profit of joint ventures	15(b)	2,827	3,079
(Loss) / profit before interest and taxation		(14,719)	2,423
Interest receivable and similar income	7	41	2
Interest payable and similar expenses	8	(295)	(172)
(Loss) / profit before taxation	9	(14,973)	2,253
Tax on (loss) / profit	10	3,086	(550)
(Loss) / profit for the financial period/year		(11,887)	1,703

The notes on pages 25 to 44 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Note	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
(Loss) / profit for the financial period/year		(11,887)	1,703
Revaluation of freehold land and buildings		551	84
Actuarial losses on pension scheme	22	(180)	(670)
Tax on components of other comprehensive income / (expense)	10	(77)	1
Total comprehensive (expense) / income for the period/year		(11,593)	1,118

The notes on pages 25 to 44 are an integral part of these financial statements.


OSBORNE GROUP HOLDINGS LTD

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Note	30 September 2020 £000	31 March 2019 £000
Fixed assets			
Investment property	13	12,600	-
Tangible assets	14	6,497	5,721
Investment in joint ventures	15(b)	306	3,079
		<u>19,403</u>	<u>8,800</u>
Current assets			
Stocks	16	4,411	475
Debtors (including £5,665,000 (31 March 2019: £4,584,000) amounts falling due after one year)	17	75,064	100,285
Cash at bank and in hand		16,419	28,438
		<u>95,894</u>	<u>129,198</u>
Creditors: amounts falling due within one year	18	<u>(88,421)</u>	<u>(107,963)</u>
Net current assets		<u>7,473</u>	<u>21,235</u>
Total assets less current liabilities		<u>26,876</u>	<u>30,035</u>
Creditors: amounts falling due after more than one year	19	<u>(15,382)</u>	<u>(7,908)</u>
Provisions for liabilities	20	<u>(5,151)</u>	<u>(2,571)</u>
Net assets excluding pension liability		<u>6,343</u>	<u>19,556</u>
Pension liability	22	<u>(845)</u>	<u>(1,755)</u>
Net assets		<u>5,498</u>	<u>17,801</u>
Capital and reserves			
Called up share capital	23	15	15
Revaluation reserve		2,640	2,089
Retained earnings		19,878	32,732
Reverse acquisition reserve		1,153	1,153
Merger reserve		<u>(18,190)</u>	<u>(18,190)</u>
Equity attributable to owners of the parent		<u>5,496</u>	<u>17,799</u>
Non-controlling interests		<u>2</u>	<u>2</u>
Total equity		<u>5,498</u>	<u>17,801</u>

The notes on pages 25 to 44 are an integral part of these financial statements.

The financial statements on pages 18 to 44 were approved by the board of directors on 28 September 2021 and were signed on its behalf by:



Andrew Osborne
Chairman

Company number 11056197 (England and Wales)



Stuart Hammond
Director

OSBORNE GROUP HOLDINGS LTD

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	30 September 2020 £000	31 March 2019 £000
Fixed assets			
Investment in subsidiary undertakings	15(a)	8,644	8,644
		<u>8,644</u>	<u>8,644</u>
Current assets			
Debtors	17	-	159
Cash at bank and in hand		66	346
		<u>66</u>	<u>505</u>
Creditors: amounts falling due within one year	18	(18)	(10)
		<u>48</u>	<u>495</u>
Net current assets			
		<u>8,692</u>	<u>9,139</u>
Total assets less current liabilities			
		<u>8,692</u>	<u>9,139</u>
Creditors: amounts falling due after more than one year	19	(4,660)	(4,363)
		<u>4,032</u>	<u>4,776</u>
Net assets			
		<u>4,032</u>	<u>4,776</u>
Capital and reserves			
Called up share capital	23	15	15
Retained earnings		4,017	4,761
		<u>4,032</u>	<u>4,776</u>
Total equity			
		<u>4,032</u>	<u>4,776</u>

The company's loss for the 18 month period ended 30 September 2020 was £34,000 (year ended 31 March 2019: profit £1,020,000) and the company's total comprehensive expense for the 18 month period ended 30 September 2020 was £34,000 (year ended 31 March 2019 income £1,020,000).

The notes on pages 25 to 44 are an integral part of these financial statements.

The financial statements on pages 18 to 44 were approved by the board of directors on 28 September 2021 and were signed on its behalf by:



Andrew Osborne
Chairman



Stuart Hammond
Director

Company number 11056197 (England and Wales)

OSBORNE GROUP HOLDINGS LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Called up share capital £000	Revaluation reserve £000	Retained earnings £000	Reverse acquisition reserve £000	Merger reserve £000	Equity attributable to owners of the parent £000	Non- controlling interests £000	Total equity £000
Balance at 1 April 2018	15	2,025	32,396	1,153	(18,190)	17,379	-	17,379
Profit for the financial year	-	-	1,703	-	-	1,703	-	1,703
Other comprehensive income / (expense) for the year	-	84	(669)	-	-	(585)	-	(585)
Total comprehensive income for the year	-	84	1,034	-	-	1,118	-	1,118
Issue of shares in subsidiaries	-	-	-	-	-	-	2	2
Dividends paid	-	-	(698)	-	-	(698)	-	(698)
Total transactions with owners	-	-	(698)	-	-	(698)	2	(696)
Balance at 31 March 2019	15	2,089	32,732	1,153	(18,190)	17,799	2	17,801
Loss for the financial period	-	-	(11,887)	-	-	(11,887)	-	(11,887)
Other comprehensive income / (expense) for the period	-	551	(257)	-	-	294	-	294
Total comprehensive income / (expense) for the period	-	551	(12,144)	-	-	(11,593)	-	(11,593)
Dividends paid	-	-	(710)	-	-	(710)	-	(710)
Total transactions with owners	-	-	(710)	-	-	(710)	-	(710)
Balance at 30 September 2020	15	2,640	19,878	1,153	(18,190)	5,496	2	5,498

The notes on pages 25 to 44 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2018	15	4,439	4,454
Profit for the financial year	-	1,020	1,020
Total comprehensive income for the year	-	1,020	1,020
Dividends paid	-	(698)	(698)
Total transactions with owners	-	(698)	(698)
Balance at 31 March 2019	15	4,761	4,776
Loss for the financial period	-	(34)	(34)
Total comprehensive expense for the period	-	(34)	(34)
Dividends paid	-	(710)	(710)
Total transactions with owners	-	(710)	(710)
Balance at 30 September 2020	15	4,017	4,032

The notes on pages 25 to 44 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	18 months ended 30 September 2020 £000	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2019 £000
(Loss) / profit before taxation		(14,973)		2,253
Adjustments for:				
Interest receivable and similar income	(41)		(2)	
Interest payable and similar expenses	295		172	
Depreciation of tangible assets	1,353		868	
Loss on disposal of tangible assets	1		5	
Gain on revaluation of investment properties	(2,171)		-	
Impairment of development land	2,286		-	
Share of profit of joint ventures	(2,827)		(3,079)	
Share-based payment expense	736		486	
Defined benefit pension costs	245		898	
Increase/(decrease) in provisions	2,580		(362)	
(Increase) / decrease in stocks	(6,222)		740	
Decrease / (increase) in debtors	27,200		(22,540)	
(Decrease) / increase in creditors	(20,855)		23,074	
		2,580		260
Cash flow from operating activities		(12,393)		2,513
Interest paid	(286)		(161)	
Corporation taxes refunded/(paid)	1,030		(1,228)	
Defined benefit pension scheme contributions	(1,335)		(1,304)	
		(591)		(2,693)
Net cash (used in) / generated from operating activities		(12,984)		(180)
Cash flows from investing activities				
Purchase of tangible assets	(1,578)		(663)	
Tenant contribution to office fit-out	-		112	
Purchase and construction of investment property	(9,276)		-	
Interest received	41		2	
Dividends received from joint ventures	5,600		-	
Loans made to related party	(2,000)		(38)	
Repayment of loans from related party	2,000		135	
		(5,213)		(452)
Net cash used in investing activities		(5,213)		(452)
Cash flows from financing activities				
Dividends paid to owners of parent	(710)		(698)	
Proceeds from issue of shares in subsidiary	-		2	
Repayment of obligations under finance leases	(220)		(141)	
Repayment of revolving credit facility	-		(2,000)	
Proceeds from bank loans	7,108		-	
Proceeds from working capital facility	9,192		-	
Repayments of working capital facility	(9,192)		-	
		6,178		(2,837)
Net cash generated from / (used in) financing activities		6,178		(2,837)
Net decrease in cash and cash equivalents		(12,019)		(3,469)
Cash and cash equivalents at the beginning of the period / year		28,438		31,907
Cash and cash equivalents at the end of the period / year		16,419		28,438

The notes on pages 25 to 44 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

1 Statutory Information

Osborne Group Holdings Ltd is a private company limited by shares, incorporated in the United Kingdom, and is domiciled in England and Wales, registration number 11056197. The company does not trade but it is the ultimate parent and holding company of the Geoffrey Osborne Limited group, the Osborne Developments Holdings Ltd group and Innovare Systems Limited. The registered office is Fonteyn House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

Statement of compliance

These financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

2 Accounting policies

2.1 Accounting convention

The company changed its accounting reference date from 31 March to 30 September, and consequently these financial statements have been prepared for the eighteen month period ended 30 September 2020. The comparative financial statements are for the year ended 31 March 2019.

These financial statements are prepared on the going concern basis, under the historical cost convention (as modified for the revaluation of freehold properties) and in accordance with the Companies Act 2006 and FRS 102. The principal accounting policies, which have been applied consistently throughout the financial period and the preceding financial year unless otherwise stated, are set out below.

The financial statements are prepared in pounds sterling which is the functional currency of the group and rounded to the nearest £000.

2.2 Basis of consolidation

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows include the financial statements of the holding company and its subsidiary undertakings made up to 30 September 2020. Unless otherwise stated the acquisition method of accounting has been applied. Under this method subsidiaries are included from the date of acquisition. Disposals are accounted for up to the date control passes to a third party. All subsidiaries have applied the same accounting policies and have the same financial year end as the company. Intra-group sales, profits and balances are eliminated fully on consolidation.

As permitted by Section 408, Companies Act 2006, the separate income statement of the company is not presented as part of these financial statements.

2.3 Going concern

The group meets its day to day working capital requirements through its own cash reserves and loan facilities, including a £5 million supply chain finance and working capital facility which it draws on as required. At 30 September 2020 the group had a positive cash balance of £16,419,000 (31 March 2019: £28,438,000) and debt of £7,620,000 (31 March 2019: £598,000), comprising bank loans and finance leases.

The group has prepared a cash flow forecast covering the period to 30 September 2022, which includes the disposal of the infrastructure business on 10 September 2021, and, after making enquiries and taking account of reasonably possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore the group continues to adopt the going concern basis in preparing its financial statements.

2.4 Exemptions for qualifying entities under FRS 102

The financial statements of the company are included in these consolidated financial statements of Osborne Group Holdings Ltd, which are publicly available. Consequently, the company has taken advantage of the following disclosure exemptions as permitted by FRS 102 in its individual financial statements:

- i) from preparing a statement of cash flows and related notes and disclosures (Section 7);
- ii) from presenting certain financial instrument disclosures (Section 11 and Section 12); and
- iii) from disclosing the compensation for key management personnel (Section 33).

2.5 Joint ventures

The group's share of profits less losses of joint ventures is included in the consolidated income statement and its interest in their net assets or liabilities is included in investments in the consolidated statement of financial position.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

2 Accounting policies (continued)

2.6 Turnover

For contracting activities, turnover represents the estimated sales value of work done in the financial year in accordance with the long-term contract provisions of FRS 102 (Section 23) based on percentage of contract completion at the period end. For capital activities, which represent activities where the group takes on the role of developer, turnover is recognised when services have been provided and contractual obligations met. For the sale of development properties, turnover is recognised upon legal completion. Property leased to customers under operating leases that contain an incentive (a rent free period) have been accounted for on a straight line basis over the term of the lease. For all other activities, turnover represents amounts received or receivable from external customers for goods and services supplied. Turnover is net of value added tax and trade discounts, but includes retentions held by clients.

2.7 Long term contracts

Long term contracts include the profit attributable to that part of the work performed at the end of the accounting period. No profit is recognised until the outcome of the contract can be determined with reasonable certainty. Losses are recognised in full as they are foreseen.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for future losses, less amounts received and receivable as progress payments on account. Excess progress payments are included in creditors as payments received on account.

2.8 Government grants

Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

2.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Investment property

Investment properties are initially measured at cost and subsequently measured at fair value, where a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

2.11 Tangible assets

Freehold land and buildings are included in the statement of financial position at their open market value at the end of the accounting period on the basis of an annual valuation. All other fixed assets are held at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The useful economic life of assets are reassessed periodically and an annual valuation was performed for all properties at 30 September 2020.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful economic life, as follows:

Freehold land and buildings	Over 40 years in equal instalments for freehold office buildings. No depreciation is provided on freehold land
Leasehold improvements	Over the unexpired term of the lease on a straight line basis or shorter if the useful expected life is less
Fixtures and equipment	10% to 25% straight line

2.12 Leasing

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the statement of financial position on commencement of the lease as property, plant and equipment at fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. The asset is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the obligation for future instalments.

Costs, including rent free periods, in respect of operating leases are charged to the consolidated income statement on a straight line basis over the full lease term.

2.13 Investments

Investments in subsidiary undertakings are recognised at cost less accumulated impairment losses. Investments in subsidiary undertakings are tested for impairment where an indication of impairment exists at the reporting date.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

2 Accounting policies (continued)

2.14 Stocks

Stock is stated at the lower of cost and estimated selling price less costs to completion and costs to sell. Cost includes all costs incurred to bring stock items to their present location and condition. Stock value is calculated using the weighted average method.

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

2.15 Provision for liabilities

Provisions are recognised when the group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is made in accordance with FRS 102 (Section 21) for contract remedial costs, and other known liabilities which exist at the year end date.

2.16 Pensions

The group operates a defined contribution and a defined benefit pension scheme as set out in note 22.

The assets of the defined contribution pension scheme are held separately to the assets of the group in an independently administered fund. The pension cost charge disclosed in note 22 represents contributions payable by the group to the fund. The defined benefit pension scheme was closed to future accruals with effect from 1 June 2010. The assets of the scheme are held separately to those of the company in an independently administered fund.

Defined benefit pension scheme liabilities are measured using the defined accrued benefits funding method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the group defined benefit pension scheme expected to arise from benefits accrued in the financial year is charged to the consolidated income statement. The expected return on the scheme's assets and the increase during the financial year in the present value of the scheme's liabilities arising from the passage of time are included in administrative expenses. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income.

Pension scheme deficits or surpluses, to the extent that they are recoverable, are recognised in full and presented on the face of the statement of financial position.

2.17 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the end of the accounting year, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the statement of financial position.

A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sustainable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the end of the accounting year.

2.18 Financial Instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and amounts owed by group undertakings and related parties, are initially recognised at the transaction price and subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts and amounts owed to group undertakings, are initially recognised at the transaction price and subsequently carried at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

2.19 Share-based payments

A number of subsidiary companies within the group have issued growth shares to certain employees within the wider group, which are considered to be cash-settled share-based payments.

A liability equal to the portion of the services received is recognised at and re-measured based on the current fair value determined at each statement of financial position date for these growth shares, with any changes in fair value recognised through profit or loss.

The expense in relation to the growth shares granted to employees of the wider group is recognised by each subsidiary company as a capital contribution, and presented as an increase in the company's investment in those subsidiaries, as the liability sits with the holders of the A ordinary shares.

2.20 Dividends

Dividends and other distributions to the group's shareholders are recognised as a liability in the period in which they are approved by the shareholders.

2.21 Exceptional items

Exceptional items are disclosed separately where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material either because of their size or their nature, or that are non-recurring and outside the scope of the ordinary activities of the business.

3 Key sources of estimation uncertainty and critical accounting judgements

In the application of the group's accounting policies, which are described in notes 2.1-2.21, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical accounting judgements

Share-based payments

A number of subsidiary companies within the group have issued growth shares to certain employees of the wider group. The growth shares entitle the holders to a share of the future growth in value of the company, as determined by an agreed calculation, up to the cessation of their employment within the group, or in an exit event. The holders also hold a put option over 50% of the growth shares, which can be sold back to the holder of the company's A ordinary shares at an agreed price after the cessation of a qualifying period of service.

The directors have made judgements around the likelihood of each of the potential exit events and have determined that these growth shares should be classified as a cash-settled share-based payment. The group has therefore recognised a liability of £1,222,000 (31 March 2019: £486,000) at the statement of financial position date, being the fair value of these growth shares at this date.

Exceptional items

Exceptional items that are material either because of their size or their nature, or that are non-recurring and outside the scope of the ordinary activities of the business which the directors believe should be presented separately on the face of the consolidated income statement to provide further understanding of the financial performance of the group.

Determining whether an item is exceptional or not requires judgement. In accordance with Financial Reporting Council guidance, the impact of the COVID-19 pandemic has not been disclosed as an exceptional item.

No exceptional items were charged to the consolidated income statement during the year (year ended 31 March 2019: one exceptional item totalling £657,000). An explanation of the nature of these items is detailed in note 5.

Key sources of estimation uncertainty

Revenue recognition (see note 4)

The group's revenue recognition policies require forecasts to be made of the outcomes of long-term construction services and support services contracts on a contract by contract basis. These forecasts are based on anticipated revenue and costs to complete and involve estimates on changes in the scope of work, defect liabilities and changes in costs. Estimates of the contract position and the profit recognised to date are reviewed monthly.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

3 Key sources of estimation uncertainty and critical accounting judgements (continued)

Key sources of estimation uncertainty (continued)

Amounts recoverable on contracts (see note 17)

As set out in note 17 the group has a significant balance of £45,805,000, as at 30 September 2020, in relation to amounts due from customers which reflects management's best estimate of amounts due to the group in relation to various contracts which had yet to be invoiced as at that date. In line with the guidance in FRS 102 these amounts, along with the trade debtor balance of £23,881,000 detailed in note 17, represent the amounts that management believe best reflect amounts to which the group is entitled to and are probable of recovery, based on the state of progress of the various associated contracts, as at the balance sheet date. There is however a degree of judgement, that varies in complexity and magnitude by contract, as to what is an appropriate level of income and receivable to recognise is at any point in time on a contract.

In this context where the group makes claims for contract variations, disputes and programme delays, estimates are made on recoverability on a contract by contract basis, based on independent legal and other professional advice as appropriate and historical experience. At the time of approving these financial statements, the group is involved in a number of contractual negotiations where the final outcome could either materially improve or detract from the position recognised in these financial statements. The directors have made their best estimate of the expected amounts recoverable in preparing these financial statements. The actual result may however differ from this estimate.

Investment properties (see note 13)

The fair value of investment property at 30 September 2020 has been determined by the directors based on an external valuation of the completed property carried out in accordance with RICS Valuation Professional Standards. The directors made adjustments to the external valuation to reflect the stage of completion of the property at 30 September 2020 and construction costs to complete the property.

Carrying value of development land (see note 16)

The carrying value of land acquired by the company for development purposes, which is held in stock, has been assessed by the directors on the basis of its estimated development value as a completed property compared to costs incurred to date and estimated costs to complete and sell the property.

Defined benefit pension scheme (see note 22)

The group has obligations to pay pension benefits to deferred members of the scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including: mortality, future pension increases, investment returns, inflation and the discount rate. The directors obtain independent advice from a qualified actuary and the relevant assumptions are detailed in note 22. The net deficit on the group's defined benefit scheme is £845,000 (31 March 2019: £1,755,000) after recognising actuarial losses of £180,000 (year ended 31 March 2019: £670,000) during the year.

Share-based payments (see note 24)

A number of subsidiary companies within the group have issued growth shares to certain employees of the wider group. The fair value of these share-based payments has been determined based on the expected liability that will arise, with the key inputs being the future forecast profitability and growth.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

4 Turnover

The total turnover of the group for the financial year has been wholly undertaken in the United Kingdom. The analysis by class of business of the group's turnover is set out below:

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Contracting activities	559,654	390,871
Sale of development land	-	900
Rental income	318	370
	<u>559,972</u>	<u>392,141</u>

5 Exceptional Items

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Past service costs on defined benefit pension scheme	-	657

The impact of the ruling in Lloyds Banking Group Pension Trustees limited vs. Lloyds Bank plc and others will likely lead to higher pensions for some of the members who were in the group's defined benefit pension scheme between 1990 and 1997. The estimated impact of this ruling was an increase of 2.8% of the total value of scheme liabilities. Accordingly a charge of £657,000 was recognised as at 31 March 2019 for the estimated costs arising from this judgement for the group's defined benefit pension scheme. This amount was included within the consolidated income statement as a past service cost, and the directors considered this was sufficiently material to warrant disclosure as a non-recurring, exceptional item.

6 Other operating income

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Coronavirus Job Retention Scheme grant	1,722	-

7 Interest receivable and similar income

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Interest on bank deposits	8	2
Other interest receivable	33	-
	<u>41</u>	<u>2</u>

8 Interest payable and similar expenses

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Bank loans and overdrafts	175	65
Other loans	-	69
Finance lease interest	25	22
Other interest	180	16
	<u>380</u>	<u>172</u>
Interest capitalised	(85)	-
	<u>295</u>	<u>172</u>

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

9 (Loss) / profit before taxation	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
(Loss) / profit before taxation is stated after charging/(crediting):		
Loss on sale of tangible assets	1	5
Defined benefit pension costs	245	898
Depreciation of tangible assets - owned	1,236	790
Depreciation of tangible assets - held under finance lease	117	78
Operating lease rentals:		
- Plant and machinery	15,271	12,291
- Land and buildings	2,177	1,366
Cost of stock recognised as an expense	11,196	9,430
Services provided by the group's auditors:		
- Fees payable for audit work for company and consolidated financial statements	18	10
- Fees payable for audit work for subsidiaries	288	155
- Fees payable for other services - tax compliance	44	66
- Fees payable for other services - tax advisory	6	80
- Fees payable for other services - other	-	17
10 Tax on (loss) / profit		
(a) Included in profit or loss	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Current tax		
UK corporation tax on (loss) / profit for the period / year	-	-
Adjustments in respect of prior periods	(494)	219
Total current tax	(494)	219
Deferred tax		
Origination and reversal of timing differences	(2,707)	343
Impact of change in tax rate	4	49
Adjustments in respect of prior years	111	(61)
Total deferred tax	(2,592)	331
Total tax (credit) / charge for the period / year	(3,086)	550
(b) Included in other comprehensive income / (expense)	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Deferred tax		
Origination and reversal of timing differences	70	(31)
Impact of change in tax rate	7	30
Total tax charge / (credit) included in other comprehensive income	77	(1)

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

10 Tax on (loss) / profit (continued)

(c) Reconciliation of tax (credit) / charge

The tax assessed for the 18 month period ended 30 September 2020 is lower (year ended 31 March 2019: higher) than the standard rate of corporation tax in the UK of 19% (year ended 31 March 2019: 19%).

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Factors affecting the tax (credit) / charge for the year		
(Loss) / Profit before taxation	(14,973)	2,253
(Loss) / Profit before taxation multiplied by standard rate of UK corporation tax of 19% (year ended 31 March 2019: 19%)	(2,845)	428
Effects of:		
Non deductible expenses	132	28
Income not subject to tax	(537)	(585)
Change in tax rates	4	59
Tax on share of partnership profits	456	522
Pension cost relief in excess of net pension cost charge	-	(77)
Adjustments in respect of prior years	(383)	158
Other tax adjustments	87	17
Tax (credit) / charge for the period / year	(3,086)	550

Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016. These changes included a reduction in the main UK corporation tax rate to 17% from 1 April 2020, and this rate was used in the deferred tax calculations as at 31 March 2019. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction from 19% to 17% would no longer be taking effect. The changes announced in the 11 March 2020 budget were substantively enacted as at 30 September 2020 and therefore all opening deferred tax balances have been remeasured at 19% with an adjustment recognised in the total tax credit for the 18 month period ended 30 September 2020.

In the budget of 3 March 2021, the Chancellor of the Exchequer announced that the main rate of UK corporation tax rate would increase to 25% with effect from 1 April 2023. The changes proposed in the 3 March 2021 budget were substantively enacted on 24 May 2021 and have not been reflected in these financial statements.

11 Deferred tax

Group	Pension scheme deferred tax asset £000	Other deferred tax (liability) / asset £000	Total deferred tax (liability) / asset £000
Balance at 1 April 2019	298	(279)	19
Income statement deferred tax credit	-	2,592	2,592
Other comprehensive income / (expense) deferred tax charge	(138)	61	(77)
Balance at 30 September 2020	160	2,374	2,534

Deferred tax is fully provided at 19% (31 March 2019: 17%) analysed over the following timing differences:

	30 September 2020 £000	31 March 2019 £000
Capital allowances	(342)	(132)
Unutilised tax losses	3,398	126
Revaluation of properties	(914)	(355)
Share-based payments	232	82
Pension scheme	160	298
Total timing differences	2,534	19

For the group, in accordance with FRS 102 (Section 29), the deferred tax assets have been recognised as it is regarded as more likely than not that they will be recovered.

The net deferred tax asset expected to reverse in the year ended 30 September 2021 is £53,000. This primarily relates to the reversal of timing differences on tangible assets and capital allowances through depreciation, and on the pension scheme deficit.

Company

The company had no deferred tax.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

12 Dividends	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Group		
First interim dividend paid 29 July 2019 (year ended 31 March 2019: 7 August 2018)	496	462
Second interim dividend paid 7 February 2020 (year ended 31 March 2019: 7 February 2019)	214	236
	<u>710</u>	<u>698</u>
	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Company		
First interim dividend paid 29 July 2019 (year ended 31 March 2019: 7 August 2018)	496	462
Second interim dividend paid 7 February 2020 (year ended 31 March 2019: 7 February 2019)	214	236
	<u>710</u>	<u>698</u>

Two interim dividends totalling £710,000 (year ended 31 March 2019: two interim dividends totalling £698,000) were approved and paid in July 2019 and February 2020. The directors do not recommend the payment of a final dividend in respect of the 18 month period ended 30 September 2020 (year ended 31 March 2019: £nil).

13 Investment property

Group	£000
Fair value	
At 1 April 2019	-
Additions	10,429
Fair value gains/(losses)	<u>2,171</u>
At 30 September 2020	<u>12,600</u>

Investment property comprises freehold land and buildings. The company purchased a site in Colchester during the financial period and commenced construction on the site to provide student accommodation. The Directors have valued the property at 30 September 2020 at market value, based on an external valuation carried out on the completed property in accordance with the RICS Appraisal and Valuation Manual and adjusted for the stage of completion and construction costs to complete the building.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

14 Tangible assets

(a) Group

	Freehold land and buildings	Leasehold improvements	Fixtures and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2019	2,550	1,187	7,719	11,456
Additions	-	-	1,578	1,578
Revaluation	500	-	-	500
Disposals	-	-	(1,482)	(1,482)
At 30 September 2020	3,050	1,187	7,815	12,052
Accumulated depreciation				
At 1 April 2019	-	835	4,900	5,735
Charge for the financial period	51	157	1,145	1,353
Revaluation	(51)	-	-	(51)
Disposals	-	-	(1,482)	(1,482)
At 30 September 2020	-	992	4,563	5,555
Net book value				
At 30 September 2020	3,050	195	3,252	6,497
At 31 March 2019	2,550	352	2,819	5,721

The net book value of fixtures and equipment includes £535,000 (31 March 2019: £652,000) in respect of assets held under finance leases.

Analysis of land and buildings at cost and revalued amount:

	30 September 2020	31 March 2019
	£000	£000
At cost	892	892
Increase due to valuation	2,158	1,658
	3,050	2,550

- (b) An external valuation of freehold land and buildings was carried out by an independent firm of Chartered Surveyors, in accordance with the RICS Appraisal and Valuation manual (the "external valuation"). The external valuation related to the group's London office (Wickfield House) and was conducted for secured lending purposes as at 21 November 2019. The directors undertook a review of the valuation of the property as at 30 September 2020, including a consideration of market prices for similar properties in the local area and the condition of the building itself. The directors concluded that the external valuation was representative of the value of the property at the statement of financial position date. In accordance with the group's accounting policy a full valuation by an external valuer is performed at least every 5 years.

- (c) If land and buildings had not been revalued, they would have been included at the following amounts:

	30 September 2020	31 March 2019
	£000	£000
Cost	892	892
Accumulated depreciation	(482)	(431)
Net book value	410	461

Company

The company has no tangible assets.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

15 Investments

(a) Investment in subsidiary undertakings

Company	£000
Cost and carrying amount	
At 1 April 2019 and 30 September 2020	8,644

On 22 August 2019 the company incorporated Flexihomes Ltd.

On 8 October 2019 the group purchased 5.4% of the Ordinary B shares of Innovare Systems Limited, 5.6% of the Ordinary B shares of Osborne Developments Holdings Limited, 6.6% of the Ordinary B shares of Osborne Construction Limited, 6.0% of the Ordinary B shares of Osborne Infrastructure Limited, 7.2% of the Ordinary B shares of Osborne Property Services Limited, and 7.2% of the Ordinary B shares of Osborne Homes Limited, for a combined consideration of £125, being the par value and original subscription price of the shares. On 1 July 2020 the group purchased a further 33.5% of the Ordinary B shares of Osborne Developments Holdings Limited for £123, being the par value and original subscription price of the shares.

The directors believe that the carrying value of the investments is supported by their underlying net assets and future cashflows.

At 30 September 2020 the company has the following subsidiary undertakings, all of which are registered and operate in England:

Name	Principal activity	Shares held
Geoffrey Osborne Limited	Building and civil engineering contractor and property maintenance	100% ordinary
GCHO Holdings Limited	Holding company	100% ordinary
Innovare Systems Limited	Building subcontractor and manufacturer of structural insulated building panels	100% A ordinary 5.4% B ordinary
Osborne Developments Holdings Ltd	Holding company	100% A ordinary 39.1% B ordinary
Flexihomes Ltd	Development of building projects	100% ordinary

The company also indirectly owned the following group undertakings:

Name	Principal activity	Shares held
Geoffrey Osborne (Pension Trustees) Limited	Pension trustee	100% ordinary
Osborne Property Services Limited	Property maintenance	100% A ordinary; 7.2% B ordinary
Fishbourne No2 Limited	Investment company	100% ordinary
Geoffrey Osborne Property Services Limited	Dormant	100% ordinary
Osborne Homes Limited	Construction of residential property	100% A ordinary; 7.2% B ordinary
Osborne Communities Limited	Dormant	100% ordinary
Osborne Compliance Limited	Dormant	100% ordinary
Osborne Infrastructure Limited	Civil engineering contractor	100% A ordinary 6.0% B ordinary
Osborne Construction Limited	Building contractor	100% A ordinary 6.6% B ordinary
IS Manufacturing Limited	Dormant	100% ordinary
Geoffrey Osborne Developments (South) Limited	Property development	100% ordinary
GO Developments (Witham) Limited	Property lessor	100% ordinary
GO Developments (Salent) Limited	Property development	100% ordinary
Osborne Developments (Colchester) Limited	Property development	100% ordinary
Osborne Developments (Norwich) Limited	Property development	100% ordinary

The registered address of all undertakings noted above is Fentley House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

(b) Investment in joint ventures

Group	30 September 2020 £000	31 March 2019 £000
At beginning of period / year	3,079	-
Dividends received	(5,600)	-
Share of profit	2,827	3,079
At end of period / year	306	3,079

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

15 Investments (continued)

(b) Investment in joint ventures (continued)

The group has an interest in the following joint venture, which is registered and operates in England:

Name	Principal activity	Interest held %
Howard Osborne LLP	Property developer	50

The registered address of Howard Osborne LLP is 93 Regent Street, Cambridge, Cambridgeshire, CB2 1AW. The joint venture financial year end is 30 September, which was not co-terminous with that of the group for prior periods. The results are included in the group on an accruals basis.

Company

The company has no direct interest in joint ventures.

16 Stocks

	Group 30 September 2020 £000	31 March 2019 £000
Raw materials and consumables	411	475
Development land	4,000	-
	<u>4,411</u>	<u>475</u>

The difference between the book value and replacement cost of stocks is not considered to be significant.

Company

The company has no stocks.

17 Debtors

	Group		Company	
	30 September 2020 £000	31 March 2019 £000	30 September 2020 £000	31 March 2019 £000
Amounts recoverable on long term contracts	45,805	65,471	-	-
Trade debtors	23,881	27,389	-	-
Amounts owed by group undertakings	-	-	-	157
Amounts owed by related companies	-	576	-	-
Deferred tax asset	2,534	19	-	-
Other debtors	64	674	-	-
Corporation tax	-	536	-	-
Other taxation and social security	-	3,409	-	2
Prepayments and accrued income	2,780	2,211	-	-
	<u>75,064</u>	<u>100,285</u>	<u>-</u>	<u>159</u>

Included within group trade debtors is £nil (31 March 2019: £238,000) due from Winchester Student No.1 LLP and Winchester Student No.2 LLP and included within group amounts recoverable on long term contracts is £nil (31 March 2019: £3,000) due from Winchester Student No.1 LLP and Winchester Student No.2 LLP, arising from construction services provided by the group on normal commercial terms. These are entities in which a related party of the group previously had a 50% interest. The amounts are unsecured and do not bear interest.

Amounts falling due after more than one year and included in the debtors above are:

	Group		Company	
	30 September 2020 £000	31 March 2019 £000	30 September 2020 £000	31 March 2019 £000
Trade debtors	3,184	4,508	-	-
Deferred tax asset	2,481	76	-	-
	<u>5,665</u>	<u>4,584</u>	<u>-</u>	<u>-</u>

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

18 Creditors: amounts falling due within one year

	Group		Company	
	30 September 2020	31 March 2019	30 September 2020	31 March 2019
	£000	£000	£000	£000
Payments received on account	7,601	6,171	-	-
Trade creditors	24,271	28,336	-	-
Other taxation and social security	1,696	1,868	-	-
Other creditors	432	541	-	-
Finance lease obligations	153	146	-	-
Accruals and deferred income	54,268	70,901	18	10
	88,421	107,963	18	10

Included within group trade creditors is £nil (31 March 2019: £657,000) due to suppliers under reverse factoring arrangements with the group's supply chain finance provider. Under this facility suppliers can elect to access a discounted early payment from the credit partner, rather than being paid on their agreed payment terms.

If the option is taken by a supplier, the group's liability is assigned to be due to the credit partner rather than the supplier and the value of the liability remains unchanged. As such these balances continue to be classified as trade creditors and not borrowings, because in the opinion of the directors the contractual terms of these arrangements do not differ to those under the original contract.

The group's supply chain finance provider also provides the group with a short term working capital facility. The group can draw down on this facility in order to pay certain suppliers on their agreed credit terms, with the group then repaying the credit provider within 30 days. The balance outstanding at 30 September 2020 was £nil (31 March 2019: nil).

The total facility available is £5,000,000 (31 March 2019: £5,000,000), which covers both the reverse factoring arrangements and the short term working capital facility. The maximum amount drawn down under the facilities during the 18 month period ended 30 September 2020 was £2,688,000 (year ended 31 March 2019: £657,000), and the amount outstanding at 30 September 2020 was £nil (31 March 2019: £657,000). The facility is unsecured and a non-utilisation charge of 2% is payable on any amounts not utilised on the facility. For amounts utilised under the reverse factoring arrangements, interest is charged at either 0.6% or 0.75% per annum, depending on the amounts utilised, and for amounts utilised under the working capital facility, interest is charged at 0.75% per 30 days.

19 Creditors: amounts falling due after more than one year

	Group		Company	
	30 September 2020	31 March 2019	30 September 2020	31 March 2019
	£000	£000	£000	£000
Trade creditors	6,693	6,970	-	-
Amounts owed to group undertakings	-	-	4,660	4,363
Cash-settled share-based payment	1,222	486	-	-
Bank loans	7,242	-	-	-
Finance lease obligations	225	452	-	-
	15,382	7,908	4,660	4,363
Maturity of debt				
Due between one and five years	15,382	7,908	-	-
Due after more than five years	-	-	4,660	4,363

Amounts owed to group undertakings

On 31 January 2018 loan notes were issued to GCHO Holdings Limited on the purchase of Geoffrey Osborne Limited and to Geoffrey Osborne Limited on the purchase of Innovare Systems Limited. The 10 year loan notes are unsecured and accrue interest on the principal amounts of £4,180,000 and £1 respectively at LIBOR plus 3% per annum, payable on redemption.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

19 Creditors: amounts falling due after more than one year (continued)

Bank loans

During the 18 month period ended 30 September 2020 the group entered into the following borrowing arrangements:

- The group obtained a mortgage on its London office (Wickfield House) for £2,025,000. The mortgage bears interest at LIBOR +4%, is repayable in December 2024 and is secured by a fixed charge over the freehold property. The balance outstanding at 30 September 2020, net of £16,000 unamortised arrangement fees and accrued interest, was £2,009,000 (31 March 2019: £nil).
- The group entered into an £8,000,000 facility with Investec Bank plc to fund the construction of the investment property. Interest is charged at LIBOR +4.5% on any amounts drawn down and the facility is repayable in full on 3 December 2022. The facility is secured by a fixed charge over the investment property and by a floating charge over the assets of a subsidiary company, Osborne Developments (Colchester) Limited. £5,211,000 was drawn down under this facility during the period (year ended 31 March 2019: £nil). The outstanding balance at 30 September 2020 of £5,233,000 (31 March 2019: £nil) is shown net of £63,000 (31 March 2019: £nil) of unamortised arrangement fees and inclusive of accrued interest of £85,000 (31 March 2019: £nil).

Finance lease obligations

Obligations under finance leases are secured by the related assets and bear finance charges at an implicit rate of interest of 3.2% per annum (31 March 2019: 3.2%). The total future minimum lease payments are payable as follows:

	30 September 2020	31 March 2019
	£000	£000
Due within one year	163	163
Due between one and five years	230	474
Total gross payments	393	637
Less: future finance charges	(15)	(39)
Carrying value of obligation	378	598

Finance lease payments represent rentals payable by the group for certain items of fixtures and equipment used in the group's manufacturing operations. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2.5 years (31 March 2019: 3.9 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

	Remedial cost provision	Provision for contract losses	Total
	£000	£000	£000
Group			
At 1 April 2019	2,571	-	2,571
Additions charged to the consolidated income statement	543	2,346	2,889
Amounts utilised	(309)	-	(309)
At 30 September 2020	2,805	2,346	5,151

The remedial cost provision relates to costs expected to be incurred on making good defects on finished contracts. The provision is calculated on an individual contract basis after considering a number of factors including the method of construction, location and use of a building. A remedial cost provision is expected to be utilised within two years of the contract completion date.

The provision for losses on contracts relates to future costs to be incurred on construction contracts in excess of amounts recoverable on those contracts. The provision is expected to crystallise within two years.

21 Financial instruments

The carrying amount of the group's financial instruments was as follows:

	30 September 2020	31 March 2019
	£000	£000
Financial assets:		
Debt instruments measured at amortised cost	24,141	28,877
Financial liabilities:		
Measured at amortised cost	93,284	106,706
Measured at fair value	1,222	486

Financial asset debt instruments measured at amortised cost consists of trade debtors, other debtors, amounts owed by related companies and accrued income. Financial liabilities measured at amortised cost consists of bank loans and overdrafts, trade creditors, other creditors and accrued expenses. Financial liabilities measured at fair value comprises the liability on cash-settled share-based payments. There are no complex financial instruments.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

22 Pension costs

The group operates defined contribution pension plans and a funded defined benefit plan. The assets of the plans are held separately from those of the group in independently administered funds. The cost of defined contribution pension plan contributions is charged against operating profit for the financial year. The defined benefit pension cost is recognised in the consolidated income statement.

Defined contribution scheme - group	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Contributions payable by the group for the financial year	8,111	5,476

Contributions include £317,000 (year ended 31 March 2019: £208,000) paid to Hertfordshire County Council Pension Fund in respect of 16 employees (year ended 31 March 2019: 17 employees) and £198,000 (year ended 31 March 2019: £211,000) paid to Berkshire County Council Pension Fund in respect of 17 employees (year ended 31 March 2019: 31 employees) that belong to their previous employers' defined benefit pension plans. Contributions also include £399,000 (year ended 31 March 2019: £391,000) paid to Hertfordshire County Council Pension Fund in respect of additional contributions against the scheme's deficit. As the actuarial and investment risk is substantially borne by the former employers the accounting does not meet the criteria for treatment as a defined benefit pension arrangement.

Defined benefit plan

A number of employees and former employees are deferred members of a funded defined benefit pension plan, which provides benefits based on final pensionable salary. At 30 September 2020 there were 34 (31 March 2019: 37) deferred members and 99 (31 March 2019: 98) pensioner members. The pensioner members are fully insured with annuities purchased from reputable pension providers. Pension plan assets are held in a separate trustee administered fund to meet the long term pension liabilities. The plan was closed to new members in February 2002 and closed to future pension accruals with effect from 1 June 2010.

Contributions for the period of £1,335,000 (year ended 31 March 2019: £1,304,000) are calculated by an independent actuary on the basis of triennial valuations. This included a one off contribution in relation to an enhanced transfer value exercise undertaken within the scheme during the prior year of £170,000. The most recent full actuarial valuation was as at 31 March 2019 and used the defined accrued benefits funding method. This method of valuation is particularly suitable for schemes that have been closed to new entrants and have no active members. The actuarial valuation showed a deficit of £2,258,000 at 31 March 2019. On 19 February 2018 the employer and trustees put in place a legal agreement for Osborne Group Holdings Ltd to become a guarantor for the full liabilities of the plan, in the event that the employer could not meet its obligations. As part of this agreement, the employer agreed to accelerate the recovering plan contributions from 1 April 2018 to 31 March 2020.

The market value of the plan's insured assets in the full actuarial valuation as at 31 March 2019 was £6,595,000. The actuarial value of the plan's assets represented 74% of the actuarial value of the plan's liabilities at that date. The principal assumptions affecting the valuation, which are based on the nominal gilt yield curve, were that the yield on assets and the pre-retirement discount rate are in line with each other at a valuation of 3.85% per annum, and post retirement discount rate is 1.55% per annum.

An independent actuary has undertaken a review as at 30 September 2020 for the purposes of FRS 102, Section 28 Employee Benefits. The value of the liabilities have been calculated with reference to the triennial actuarial valuation at 31 March 2019, making allowance for member movements and actuarial gains and losses arising since that date. Valuation assumptions under FRS 102, Section 28 Employee Benefits are not necessarily appropriate for the purposes of a long term funding valuation. The independent actuarial review of the defined benefit plan at 30 September 2020 can be summarised as follows:

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	30 September 2020	31 March 2019
	%	%
Rate of increase in pensions in payment	2.90	3.10
Rate of increase in pensions in deferment	2.00	2.30
Discount rate	1.70	2.30
Inflation assumption (RPI)	3.00	3.30
Inflation assumption (CPI)	2.00	2.30
Commulation of pensions to lump sums	80.00	70.00

The assumed life expectations on retirement age 65 are:

	Retiring today		Retiring in 20 years	
	30 September 2020	31 March 2019	30 September 2020	31 March 2019
	Years	Years	Years	Years
Males	22.3	22.0	23.6	23.4
Females	24.0	23.9	25.5	25.4

OSBORNE GROUP HOLDINGS LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020**

22 Pension costs (continued)

The fair value of the plan assets is made up as follows:

	30 September 2020	31 March 2019
	£000	£000
Equities	2,305	1,959
Corporate bonds	1,245	1,296
Gills	1,833	1,607
Other assets	2,091	1,988
Total fair value of plan assets	7,474	6,850

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Reconciliation of scheme assets and liabilities

	Assets £000	Liabilities £000	Total £000
At 1 April 2019	6,850	(8,605)	(1,755)
Expenses	-	(204)	(204)
Interest income/(expense)	222	(263)	(41)
Employer contributions	1,335	-	1,335
Benefits paid	(1,384)	1,384	-
Remeasurement (losses)/gains:			
- Actuarial losses	-	(631)	(631)
- Return on plan assets excluding interest income	451	-	451
At 30 September 2020	7,474	(8,319)	(845)

The return on plan assets was:

	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Interest income	222	194
Return on plan assets less interest income	451	77
Actual return on plan assets	673	271

Defined benefit costs recognised in the consolidated income statement

	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Expenses	204	58
Net interest cost	41	33
Losses on settlements	-	150
Past service costs	-	657
Defined benefit costs recognised in the income statement	245	898

Defined benefit costs recognised in the consolidated statement of comprehensive income

	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Return on plan assets (excluding amounts included in net interest cost)	451	77
Experience losses	(58)	(386)
Changes in assumptions underlying the present value of plan liabilities	(573)	(361)
Total actuarial loss	(180)	(670)

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

23 Called up share capital Group and company	30 September 2020	31 March 2019
	£000	£000
Allotted and fully paid		
1,126,405 (31 March 2019: 1,126,405) New A shares of £0.01	11	11
416,616 (31 March 2019: 416,616) C shares of £0.01	4	4
	15	15

The New A shares each carry the right to one vote at general meetings of the company but no right to fixed income.

The C shares each carry the right to receive dividends (subject to the approval of the majority of the holders of the New A shares), but no right to either vote at general meetings of the company or receive any capital or assets of the company on winding up.

On 18 November 2020 the 416,616 C shares of £0.01 each were consolidated into 208,308 C shares of £0.02 each.

24 Share-based payments

Cash-settled share-based payments

During the year ended 31 March 2019 the group implemented a long-term incentive plan for certain employees of the wider group, and various subsidiary companies issued a total of 209,561 B ordinary shares of £0.01 each ('the growth shares') to these employees. During the 18 month period ended 30 September 2020, 24,866 of the growth shares were acquired by the group. At 30 September 184,695 growth shares were held by participating employees (31 March 2019: 209,561).

The growth shares entitle the holders to a share of the future growth in value of the company, as determined by an agreed calculation, up to the cessation of their employment within the group, or in an exit event. The holders also hold a put option over 50% of the growth shares, which can be sold back to the holder of the company's A ordinary shares at an agreed price after the cessation of a qualifying period of service.

The fair value of the growth shares is determined based on the estimated amounts that the holders would be entitled to in the future in the event of an exit event, a share buyback or their cessation of employment, adjusted for the risk free rate and expected volatility.

The expected life used in the model has been determined as 3.1 years, being the time period from the date the long-term incentive plan was introduced to the end of the qualifying period of service.

The group recorded a total expense of £736,000 (year ended 31 March 2019: £486,000) in respect of the increase in value of these growth shares during the period. The carrying value of the associated liability at the statement of financial position date was £1,222,000 (31 March 2019: £486,000).

25 Reserves

Reserves of the group represent the following:

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid, capital reductions and other adjustments.

Reverse acquisition reserve

The reverse acquisition reserve arose on the application of reverse acquisition accounting in the consolidated financial statements, and represents the share capital and share premium acquired in Geoffrey Osborne Limited.

Merger reserve

The merger reserve arose on the application of merger accounting in the consolidated financial statements, and represents the difference between the share capital issued in the share for share exchange and the share capital and share premium acquired in GCHO Holdings Limited.

Non-controlling interest

The non-controlling interest represents the nominal value of the ordinary B shares (growth shares) within various subsidiary companies. The holders of these shares have no right to the income, profits or capital of the subsidiaries apart from the liability already recognised as a cash-settled share-based payment.

26 Contingent liabilities

The group has given guarantees and indemnities in the normal course of business in respect of the due performance of obligations under building contracts and development agreements. In the opinion of the directors, no material loss will arise from any of these contingent liabilities.

In the normal course of business, claims are received; in relevant cases the board takes appropriate advice and makes a provision where a future liability is probable.

In all cases presently outstanding against the group, after having taken appropriate legal advice, the directors believe that material claims are not likely to be substantiated.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

27 Commitments under operating leases

The group as lessee:

The group had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	30 September 2020	31 March 2019
	£000	£000
Due within one year	1,453	950
Due between two and five years	5,538	5,739
Due after five years	3,002	4,950
	<u>9,993</u>	<u>11,639</u>

In addition the group had commitments for numerous short term operating leases for the hire of plant and machinery normally expiring within one year. It is not practicable to quantify the annual commitment for such contracts.

The group as lessor:

The group had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	Land and buildings	
	30 September 2020	31 March 2019
	£000	£000
Due within one year	246	243
Due between two and five years	840	840
Due after five years	420	735
	<u>1,506</u>	<u>1,818</u>

The group's operating leases represent the sub-lease of two (31 March 2019: two) properties occupied by the group to third parties negotiated over an average lease term of 4.0 years (31 March 2019: 4.7 years).

28 Capital commitments

The group had no capital commitments at 30 September 2020 (31 March 2019: £nil).

29 Directors' emoluments

	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Aggregate emoluments for qualifying services	<u>1,290</u>	<u>1,300</u>
Contributions to defined contribution pension scheme	<u>35</u>	<u>20</u>

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to 3 (year ended 31 March 2019: 3). The number of directors for whom retirement benefits have accrued under defined benefit schemes amounted to 1 (31 March 2019: 1).

No directors received shares in fellow group companies under long term incentive schemes (year ended 31 March 2019: 2)

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

29 Directors' emoluments (continued)

Emoluments and retirement benefits include the following amounts relating to the highest paid director:

	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Aggregate emoluments for qualifying services	519	612
Company contributions to defined contribution pension scheme	13	10
	<u>532</u>	<u>622</u>

30 Employees

The average monthly number of employees (including directors) employed by the group during the financial period was:

	Group		Company	
	18 months ended 30 September 2020 Number	Year ended 31 March 2019 Number	18 months ended 30 September 2020 Number	Year ended 31 March 2019 Number
Construction	153	191	-	-
Infrastructure	306	313	-	-
Administration and central functions	213	172	-	-
Property maintenance and support	249	324	-	-
Manufacturing	45	52	-	-
	<u>966</u>	<u>1,052</u>	<u>-</u>	<u>-</u>

Employment costs

	Group		Company	
	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000	18 months ended 30 September 2020 £000	Year ended 31 March 2019 £000
Wages and salaries	68,922	51,977	-	-
Social security costs	7,725	5,230	-	-
Other pension costs	8,356	6,374	-	-
Share-based payment	736	486	-	-
	<u>85,739</u>	<u>64,067</u>	<u>-</u>	<u>-</u>
Less: costs capitalised	(85)	-	-	-
	<u>85,654</u>	<u>64,067</u>	<u>-</u>	<u>-</u>

Other pension costs reflect the contributions payable to the group's defined contribution pension scheme and the defined benefit costs recognised in the consolidated income statement.

Group employment costs includes termination costs of £1,550,000 (year ended 31 March 2019: £nil).

31 Ultimate parent company and controlling party

Osborne Group Holdings Ltd is the ultimate parent undertaking and the only company to consolidate the company's financial statements. The directors do not consider there to be one ultimate controlling party.

OSBORNE GROUP HOLDINGS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

32 Related party transactions

Transactions between the group and its related parties are disclosed below:

	Other related parties	
	18 months ended 30 September 2020	Year ended 31 March 2019
	£000	£000
Recharges receivable	-	501
Sale of construction services	5,245	2,411
Services purchased	-	(12)
Costs paid on behalf of related parties	-	(31)
Interest receivable	33	-
Management charges receivable	425	164
Loan receivable granted	2,000	-
Loan receivable repaid	(2,000)	-
	30 September 2020	31 March 2019
	£000	£000
Amounts owed by related parties	-	576

Other related parties comprise members of the Rosewood Group Holdings Ltd group, which is controlled by the same shareholders as the group, Robinwood Properties Limited, which is controlled by substantially the same shareholders as the group, and the group's joint venture, Howard Osborne LLP.

The amounts outstanding at 30 September 2020 and 31 March 2019 are unsecured, repayable on demand and interest free. No guarantees have been given or received. All amounts outstanding at 31 March 2019 were repaid in full during the year.

The total remuneration of the directors, who are considered to be the key management personnel of the group, was £1,489,000 (year ended 31 March 2019: £1,494,000), including employer's national insurance of £164,000 (year ended 31 March 2019: £173,000).

33 Net debt reconciliation

	1 April 2019	Cash flows	Other movements	30 September 2020
	£000	£000	£000	£000
Cash at bank and in hand	28,438	(12,019)	-	16,419
bank loans	-	(7,108)	(134)	(7,242)
Finance lease obligations	(598)	220	-	(378)
	27,840	(18,907)	(134)	8,799

Other movements comprise the amortisation of arrangement fees and effective interest rate adjustments.

34 Events after the reporting period

On 16 February 2021, the group sold the entire issued share capital of Osborne Developments (Norwich) Limited for £1 to a member of the Rosewood Group Holdings limited group, a related party. All amounts owed by Osborne Developments (Norwich) Limited to the company were repaid on that date.

On 18 May 2021, the group sold the entire issued share capital of Osborne Developments (Colchester) Limited for £2,129,000 to a member of the Rosewood Group Holdings limited group, a related party. Osborne Developments (Colchester) Limited is a property development and management company and owns and manages student accommodation in Colchester, Essex.

On 18 August 2021, the group announced the sale of its interest in Osborne Infrastructure Limited. The sale completed on 16 September 2021. The sale will facilitate the alignment of our remaining development, construction, property services and manufacturing businesses.