Company number 11056197 (England and Wales)

OSBORNE GROUP HOLDINGS LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

OSBORNE GROUP HOLDINGS LTD

COMPANY INFORMATION

Company board

Chairman	A S C Osborne [1, 2]	MA (Oxon), FCA
Director	S Hammond	FCCA
Director	D G Smith [1, 2]	FRICS
Non-executive director	M J Strong [1, 2]	FRICS

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 7 More London Riverside London SE1 2RT

OSBORNE GROUP HOLDINGS LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report for the group for the year ended 30 September 2021 ('the financial year').

The year saw a major step in our strategic plan with the sale of our Infrastructure business in September 2021. This allows us to focus on becoming a more development and design led business where we have a much greater ability to influence and control design. This will enable us to make much greater use of modern methods of construction, such as offsite manufacturing and low carbon technology, to build more energy efficient spaces with lower embodied carbon. With our offsite manufacturing business, Innovare, able to work closely with our Development, Construction, and Property Services businesses, we believe we are well placed to take the market opportunities to address the challenges presented by climate change.

These exciting opportunities include places on the £4bn GLA Retrofit Innovation framework, the Department for Education 2021 Education Construction Framework, and a recently signed joint venture with PGIM Real Estate to provide £250m of build to rent urban developments. Innovare's experience and expertise has allowed the group to develop highly sustainable, flexible offsite solutions for the education, student accommodation, housing, and retrofit markets, which are garnering significant interest as customers seek solutions in moving to net zero carbon targets.

While the sale of the Infrastructure business saw the group return to profit, the Construction business saw substantial losses in the year which were primarily the result of delays to a small number of projects caused by the Covid-19 pandemic. These projects have now nearly all been completed and are not expected to generate significant further losses.

On 31 March 2022, after the year end, the group was acquired by Rosewood Group Holdings Ltd, a related party with the same shareholders, and now forms part of stronger and more robust combined business.

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 during the financial year were building and civil engineering contracting and property maintenance. On 16 September 2021, Geoffrey Osborne Limited disposed of its principal civil engineering contracting business, Osborne Infrastructure Limited. The sale has facilitated 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. On 16 February 2021, the company sold the entire issued share capital of Osborne Developments (Norwich) Limited to Rosewood Development Holdings Ltd for £1, and on 18 May 2021 the company sold the entire issued share capital of Osborne Developments (Colchester) Limited to Rosewood Development Holdings Ltd for £2,354,000. Rosewood Developments Holdings Ltd is a related party, being controlled by the same ultimate shareholders. All amounts owed by Osborne Developments (Norwich) Limited and Osborne Developments (Colchester) Limited to the company were repaid prior to completion.

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 year were as follows:

	Year ended 30 September 2021	18 months ended 30 September 2020
	£m	**£m**
Turnover	337.2	560.0
Profit/(Loss) before taxation	0.7	(15.0)
Total net assets	10.7	5.5
Net cash[1]	21.5	8.8
Secured 12-month order book	134.1	270.5
Accident Frequency Rate (AFR)	0.17	0.12
Lost Time Injury Frequency Rate (LTIFR)	0.60	0.43
Environmental Incidence Frequency (EIF)	0.00	0.10
Average number of employees	870	966
Voluntary employee churn rate	10.8%	11.0%
Employee engagement	3.21	3.21

[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:

	Year ended 30 September 2021	18 months ended 30 September 2020
	£m	**£m**
Affordable Housing Maintenance	34.5	64.1
Affordable Housing New Build	33.4	40.1
Commercial	40.8	82.5
Education	28.9	101.9
Highways	78.1	113.7
Rail	120.7	157.4
Contracting activities	336.3	559.7
Rental income	0.9	0.3
	337.2	560.0

The group reported a profit before tax of £675,000 for the financial year (18-month period ended 30 September 2020: loss £14,973,000), including a loss before tax from continuing operations of £45,633,000 (18 month period ended 30 September 2020: £20,818,000) and a profit before tax from discontinued operations of £46,308,000 (18 month period ended 30 September 2020: £5,845,000).

The loss before tax from continuing operations reflected the ongoing challenges of working through the COVID-19 pandemic, with significant delays to projects and restrictions on working practices. Whilst the loss is disappointing, the board are encouraged by the strides made in realigning the business to focus on sustainable opportunities utilising the group's core strengths to create a resilient business that is less exposed to market fluctuations.

Following its sale on 16 September 2021, the Infrastructure business has been disclosed as a discontinued operation. The group reported a profit before tax from discontinued operations of £46,308,000 (18 month period ended 30 September 2020: £5,845,000), including a profit on disposal of £39,403,000 (18 month period ended 30 September 2020: £nil). 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 Infrastructure business continued to benefit from the prioritisation of infrastructure projects by the government as a means to kick-start the economy following the impact of the COVID-19 pandemic.

Following the disposal of Osborne Developments (Norwich) Limited and Osborne Developments (Colchester) Limited during the financial year, the Developments business has been assessing a number of developments opportunities. In December 2021 the group announced that it had agreed to enter into a joint venture with PGIM Real Estate to target build to rent opportunities in the southern half of England.

The focus of the Construction business is to secure and deliver social infrastructure projects, emphasising its net zero carbon approach and 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 affecting productivity and project timescales 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.

Overview of the business (continued)

The Construction business has secured a place on a number of significant frameworks 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 several 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. The group aims to become a leading partner in this market, working with customers to deliver innovative solutions and greener homes, and has been successful in being awarded a place on the Retrofit GLA Innovation Framework and the South East Consortium Zero Carbon Framework for retrofit across London and the South East.

Innovare, the group's offsite manufacturing business, provides a fully integrated solution including design, project planning, offsite manufacture, delivery to site and installation. Innovare's structured insulated panels provide sustainable, high performance buildings with a wide range of potential uses across a range of sectors. The 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 the group's Construction business.

Market overview

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 and the markets in which it operates have not been immune to these pressures. The group continued to adapt to the frequent changes in government regulations during the financial year, with the health and safety of our people and those with whom they came into contact an absolute priority. However, whilst the group was able to make adjustments to allow COVID secure working and enable our teams to continue to work as quickly and as safely as possible, the restricted working practices did impact volumes and productivity.

The impact of the COVID-19 pandemic will continue to be felt for some time. Government restrictions continued into the current financial year, and the impact on the global economy in terms of supply shortages, inflationary pressures and restricted growth are still evolving. Against this backdrop, along with other geopolitical and macroeconomic factors such as the war in Ukraine and the continuing impact of Brexit, the board are confident that the group's businesses will continue to show resilience and adapt to the changing market conditions.

Forward orders

The secured 12-month order book at £134,100,000 at 30 September 2021 was 0.6% lower than a year earlier (30 September 2020 (continuing operations only): £134,900,000). 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 £57,900,000 (30 September 2020: £38,800,000) of orders for the next 12 months in second stage or single source negotiation.

The overall forward order book at 31 March 2022 stood at £199,100,000 (30 September 2021: £260,100,000; 30 September 2020: £249,400,000 – continuing operations only).

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 continued to upgrade 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 continue 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, during this period the group has also suspended its work with Mind as the next stage (Gold Standard) required line management training, which was also not possible due to Covid 19. Recognising that mental health is still incredibly important in the construction sector, the group has over 35 trained mental health first aiders in place. This number has reduced significantly as a result of the sale of the Infrastructure business but the ratio remains high.

The group has continued to target a number of key SHE performance indicators during the year ended 30 September 2021. The headline figure of Accident Frequency Rate (AFR) has slipped from 0.12 to 0.17. This valuable, albeit lagging, indicator is supplemented by other leading indicators such as senior management tours, training attendance and inspection close out rates. Lost Time Injury Frequency Rate (LTIFR) has deteriorated from 0.43 to 0.60 and Environmental Incidence Frequency rate has improved from 0.10 to zero. 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 ongoing 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 continues to develop its detailed Carbon Strategy (due September 2022 in collaboration with our Carbon Accountants Inspired Energy) to align with the nine 'Construct Zero' priorities developed by the Construction Leadership Council and Climate Pledge commitments. In December 2021 Osborne was named as a CLC Construct Zero Business Champion.

Improving construction methods are key to the construction sector improving environmental standards and sustainability. The Built Environment is estimated to contribute 40% of the UK's total carbon footprint, and waste statistics showed that in 2018, 62% 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.

Following the review and amendment of the Sustainability Strategy, the group has incorporated 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 continues to develop 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 2021 the group launched 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.

Energy performance results

This is the second 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. This report covers the company and its subsidiary undertakings. The group has presented data for the six months ended 30 September 2021, to align the reporting period with the group's financial reporting date. Previously the group had reported data to 31 March, which aligned with the group's previous financial reporting date, and therefore the comparative figures are for the year ended 31 March 2021. The comparative figures include the infrastructure business which was disposed of during the financial year ended 30 September 2021. The figures for the six months ended 30 September 2021 exclude the infrastructure business as these figures are not available.
The total consumption figures for energy supplies are as follows:

	6 month period ended 30 September 2021	Year ended 31 March 2021
	kWh	kWh
Transportation (Scope 1, 2 and 3)	1,065,486	3,288,601
Gaseous and other fuels (Scope 1)	966,376	9,280,801
Gaseous and other fuels (Scope 3)	-	1,829,207
Grid-Supplied Electricity (Scope 2)	1,298,285	1,632,663
Total	3,330,147	16,031,272

The total emission figures for energy supplies are as follows:

	6 month period ended 30 September 2021	Year ended 31 March 2021
	tCO2e	tCO2e
Transportation (Scope 1, 2 and 3)	250	776
Gaseous and other fuels (Scope 1)	242	2,363
Gaseous and other fuels (Scope 3)	-	468
Grid-Supplied Electricity (Scope 2)	276	381
Total	768	3,988

Energy performance results (continued)

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 only, Scope 3 data also 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:

	6 month period ended 30 September 2021	Year ended 31 March 2021
	tCO2e / £m	tCO2e / £m
Intensity ratio	11.0	11.3
Annual equivalent turnover (£m)	69.6	352.9

Annual equivalent turnover is calculated by apportioning reported turnover to the relevant periods. For the six months ended 30 September 20211 turnover from continuing operations has been used.

Waste management

As with energy performance, the group has previously collected and reported data in respect of its waste management performance for years to 31 March, and is presenting data for the year ended 31 March 2021 and the six months ended 30 September 2022. The data below covers the company and its subsidiary undertakings, and for the six month period ended 30 September 2022 excludes the infrastructure business as the data is not available.

	6 month period ended 30 September 2021	Year ended 31 March 2021
	tonnes	tonnes
Total waste	2,000.4	157,742.5
Total waste diverted from landfill	1,874.3	142,094.1
Percentage diverted from landfill	93.7%	90.1%

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 £4,000 in charitable donations during the year (18-month period ended 30 September 2020: £40,000). 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 for the 6 months ended 31 March 2022 was 33 days (six months ended 30 September 2021: 29 days; six months ended 31 March 2021: 30 days) with 59% of invoices paid within agreed terms (6 months ended 31 September 2021: 70%; six months ended 31 March 2021: 77%). The data has been distorted to some extent by the disposal of the Infrastructure business in September 2021. The contractors sector average time to pay is 32 days, with 82% 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 2022 the group has paid 90% of invoices within 60 days (6 months ended 30 September 2021: 93%; 6 months ended 31 March 2021: 93%). The contractors sector average is 95%.

The award-winning Webcontractor system, which the group developed with a specialist provider to provide a simple to use cloud-based payment processing service, continues to be used throughout our construction business. The system 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.

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 external 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 in 2019 due to the disruption caused by the COVID-19 pandemic. Our most improved question scores since 2019 related to having good quality conversations with line managers about development, enablement/being productive and effective in role, line manager honesty in communication, feeling valued by line managers and feeling fully supported to do the job. 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 voluntary employee churn rate has reduced slightly to 10.8% (18-month period ended 30 September 2020: 11.0%), in line with the group's target.

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 have become the norm for many roles where this is possible. The group has embraced hybrid working, providing flexibility and facilitating the more efficient use of office space. The People team is working with operating businesses and heads of function to ensure the necessary support is in place and to align the group's facilities to its ongoing needs.

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. Employees who are part of the AXA healthcare plan can also access further support around mental health issues as well as a virtual GP service.

Learning and development

The group has continued to foster a learning culture, and all employees are encouraged to take responsibility for their own development. The group provides 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. Much of this has been delivered via virtual learning, either developed internally or through giving access to a wide range of content through the Learning Management System ('LMS'). The LMS also enables all employees to keep track of their learning history and compliance training requirements, and facilitates the centralised analysis and reporting of training throughout the organisation.

Across the group 1,785 (18-month period ended 30 September 2020: 2,760) formal training days have been delivered to employees.

The STOP Think! learning programme has continued to have a significant impact. In all, 698 people attended STOPThink! training sessions. 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. A new STOPThink! programme has been under development during the year ended 30 September 2021 and the programme has now become a cultural change programme rather than a safety behavioural programme – although safety still features highly in the content. As part of this new programme a performance development module has been developed and rolled out to Construction and Innovare. This forms the start of a move towards a performance culture, whereby each employee will have a set of measurable and achievable objectives which will be reviewed via regular 1:1's between the line manager and the employee.

Gender pay gap

Gender Pay Gap reporting provides a measure of the difference in the average pay of men and women. The published figures are based on data collected at a specified reference date (5 April 2021).

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 mean gender pay gap result for the year ended 5 April 2021 was 21.5% (5 April 2020: 19.9%). The median pay gap for the year ended 5 April 2021 was 26.9% (5 April 2020: 22.4%).

Financial performance

Results

The profit before taxation was £675,000 (18 month period ended 30 September 2020: loss £14,973,000), comprising a loss before tax from continuing operations of £45,633,000 (18 month period ended 30 September 2020: £20,818,000) and a profit before tax from discontinued operations of £46,308,000 (18 month period ended 30 September 2020: £5,845,000), including a profit on disposal of £39,403,000 (18 month period ended 30 September 2020: £nil). After making provision for taxation the profit for the financial year was £4,785,000 (18 month period ended 30 September 2020: loss £11,887,000). The consolidated income statement for the year is set out on page 19. 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 increased to £10,665,000 (30 September 2020: £5,498,000), an increase of £5,167,000. This increase is primarily due to the profit arising on the sale of the Infrastructure business, offset by the loss from continuing operations for the financial year. An actuarial gain of £883,000 was recognised in respect of the defined benefit pension scheme during the financial year. 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 increased to £24,214,000 (30 September 2020: £16,419,000), largely due to the £27,886,000 net cash inflow on the sale of the Infrastructure business, offset by operating cash outflows of £28,828,000 (18-month period ended 30 September 2020: outflows £12,984,000). The group's net cash, comprising cash at bank and in hand less bank debt and finance lease obligations, was £21,542,000 at 30 September 2021 (30 September 2020: £8,799,000).

During the financial year the group drew down a further £2,369,000 (18-month period ended 30 September 2020: £5,211,000) of an £8,000,000 loan facility arranged to fund the development of an investment property. The subsidiary undertaking which held the investment property and the loan was sold to a related party, Rosewood Development Holdings Ltd, during the financial year.

The group also has in place a £4,000,000 supply chain finance and short-term working capital facility which was utilised for short periods during the financial year but was unutilised at 30 September 2021 (30 September 2020: £nil).

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 year ended 30 September 2021, contributing £804,000 (18-month period ended 30 September 2020: £1,335,000) to the defined benefit pension scheme. The pension balance calculated in accordance with FRS 102 has increased to an asset of £594,000 at 30 September 2021 (30 September 2020: £845,000 (liability)). The triennial actuarial valuation as at 31 March 2019 was completed in the prior 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 employees.

Osborne has continued to develop and strengthen its senior teams to ensure they are fully aligned with and able to deliver the group's business plan, including the appointment of new Interim Chief Executive to steer the group through the organisational changes necessary following the disposal of the Infrastructure business.

Market risk

With its focus on education, affordable housing and local authority frameworks, the group is highly dependent on government spending priorities. The government has continued to emphasise its intention to 'build back better' following the pandemic, with initiatives aimed at improving housing conditions and environmental performance. However, uncertainties caused by economic shocks and geopolitical events such as the war in Ukraine may cause the government to divert resources in the short-term to more immediate priorities such as defence and addressing the cost of living crisis.

The construction sector has suffered a number of high-profile business failures in recent years (Carillion, Interserve, NMCN), which can have a significant impact on the industry's wider supply chain. This remains a significant risk in the coming year, particularly given the lasting impact of the COVID-19 pandemic and Brexit on the wider economy along with the added shock to the global economy from the war in Ukraine resulting in materials shortages, logistical issues and inflationary pressures. In this challenging environment the group continues to assess its own suppliers' exposure and vulnerability and is working with its key suppliers to mitigate the impact on the group's businesses.

Project delivery

Poor design and 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 group is moving towards using standardised design and components to mitigate this risk.

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 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.

Contractual claims

At 30 September 2021 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. While claims situations are inherently uncertain, the directors are of the view that the overall amounts they have recognised at 30 September 2021 are probable of recovery and do not expect any material adverse impact on reported results in relation to this item.

Liquidity and financing

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Following a series of high-profile business failures (such as Carillion, Interserve and NMCN) 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 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

Dave Smith
Interim Group Chief Executive
30 June 2022

OSBORNE GROUP HOLDINGS LTD

SECTION 172 STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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. The disposal of the Infrastructure business, which was designated as non-core as part of the group's renewed strategy, facilitates further investment in the group's growth opportunities in accordance with its long-term strategy.

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 though 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 continue to cope with the extraordinary demands and stresses of the COVID-19 pandemic, with site operations curtailed, strict safe-working practices in place 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. A further realignment of the business's support functions was brought about through the disposal of the Infrastructure business. The board is grateful for the resilience and adaptability demonstrated by employees throughout this challenging period, 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, research and development, resourcing, and the structure of project teams.

During the period under review the group has continued to focus 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 which as implemented during the financial year.

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.

Since the end of the financial year the group's entire issued share capital has been acquired by Rosewood Group Holdings Limited, a related party. The group's ultimate shareholders have not changed as a result of this transaction.

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 lifestyle, 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.

The group has incorporated a number of ambitious improvement objectives into its Sustainability Strategy, including a commitment to science-based targets, biodiversity assessments, achieving ISO 20400 for sustainable procurement by 2024 and ultimately reaching zero carbon by 2035. The group is focused on creating and introducing carbon neutral solutions at a product level, and continues to develop its digital strategy to integrate and streamline its processes to deliver sustainable efficiencies and improved resource utilisation.

The group draws its employees and supply chain from the local community and operates much more effectively when it has the support of the greater community. That is why the group creates opportunities to improve local communities, providing a positive social and environmental impact. Social value is considered in all aspects of the business, from local recruitment, local supply chain partners, upgrading community facilities, equipment and material procurement, providing works placement and appointing apprenticeships, to supporting a local cause. Creating positive outcomes for people and their local area is the group's key driver and is aligned to the group's core values and culture.

To capture the huge scope of its social and environmental impacts the group has adopted Thrive ImpactUK as its partner to efficiently measure the group's performance. Thrive enables Osborne to capture data, understand the financial value and seamlessly demonstrate this to its stakeholders with live transparent data.

The group is committed to supporting clients to improve people lives through creating opportunities. The group's social value programmes are developed with its supply chain partners to deliver positive outcomes for which the financial value can be calculated and understood as well as the local personal benefit. Thrive will ensure that social value data is captured, enabling the group to provide assurance around how it collects this information and reports on the impact. The group's Social Value Steering Group (SVSG) will meet quarterly to review outcomes and review opportunities to improve 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 YEAR ENDED 30 SEPTEMBER 2021

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 financial year, 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. 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
30 June 2022

OSBORNE GROUP HOLDINGS LTD

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and the audited financial statements of the group and company for the year ended 30 September 2021.

Directors

The following directors have, unless otherwise stated, held office since 1 October 2020 and up to the date of the signing of the financial statements:

A S C Osborne
S Hammond
A P Steele (resigned 30 November 2021)
D G Smith (appointed 30 September 2021)
M J Strong
A L Littley (resigned 30 September 2021)

Going concern

The group meets its day to day working capital requirements through its own cash reserves and loan facilities, including a £4 million supply chain finance and working capital facility which it draws on as required. At 30 September 2021 the group had a positive cash balance of £24,214,000 (30 September 2020: £16,419,000) and debt of £2,672,000 of (30 September 2020: £7,620,000), comprising bank loans and finance leases.

In assessing the appropriateness of applying the going concern basis in the preparation of the consolidated financial statements the directors have considered the group's liquidity and forecast cash flows under a range of potential scenarios, taking into account reasonably possible outcomes over a 15-month period from the date of approval of these financial statements.

Base case scenario

The group's base case scenario projects the cash position of the business, which has benefitted significantly from the sale of various property assets post the year end, forward from the position as at the end of June 2022 for a period of 15 months to 30 September 2023. The base case then takes a prudent view of trading performance over the review period as well as taking a prudent view in respect of cash flows from claims and variations and expenditure on some commercial ventures. In addition the base case reflects anticipated operating cost savings from realigning the group's cost base following the sale of its Infrastructure business last year. No further lockdowns or operating restrictions in 2022 are considered within this forecast. Under the base case scenario, the group maintains a healthy cash balance throughout the review period.

Severe but plausible sensitised downside scenario

The directors have additionally modelled various downside sensitivities to stress test their liquidity forecasts to take account of possible delays in contracts or adverse performance issues over and above that built into the base case projections. In addition the directors have sensitised the cash forecasts for differing scenarios regarding potential claims settlements. In performing these sensitivities the directors have stress tested the business at a level they believe is beyond plausible. In all scenarios the group is projected to have sufficient liquidity throughout the going concern review period.

Conclusion

Having reviewed the cash flow projections, including the sensitised projections, and made appropriate enquiries, the directors are satisfied that the group has adequate resources to continue operating for the foreseeable future. Therefore the group continues to apply the going concern basis in preparing its 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

No interim dividends were paid during the year ended 30 September 2021 (18 month period ended 30 September 2020: two interim dividends totalling £710,000). The directors do not recommend the payment of a final dividend in respect of the year ended 30 September 2021 (18-month period ended 30 September 2020: £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 year ended 30 September 2021 the group made charitable donations of £4,000 (18 month period ended 30 September 2020: £40,000) 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.

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Educational charities	1	5
Local community charities	2	10
Demelza Children's Hospice	1	-
National welfare charities	-	25
	4	40

No contributions were made to any political party (18 month period ended 30 September 2020: £nil).

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 29 March 2022 the company repurchased its 208,308 C shares of £0.02 each from Rosewood Group Holdings Ltd at their nominal value. These shares were immediately cancelled.

On 31 March 2022 Rosewood Group Holdings Ltd acquired 100% of the company's share capital in a share-for-share exchange with the former owners. Following this transaction Rosewood Group Holdings Ltd became the ultimate parent of the company. The ultimate owners of the company have not altered as a result of this transaction.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 are unaware; and

•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
30 June 2022

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 2021 and of the group's profit and the group's cash flows for the year then ended;

• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 30 September 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated statement of cash flows for the year 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

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

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

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2021 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.

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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Corporation Tax Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure, or move costs between projects, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

• Discussions of compliance with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
• Review of minutes of board meetings during the year.
• Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to revenue recognition from long-term construction contracts and contractual claims.
• Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement and unusual words.

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

A further description of our responsibilities 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
London
30 June 2022

OSBORNE GROUP HOLDINGS LTD

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year ended 30 September 2021			18 months ended 30 September 2020		
		Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Turnover	4	139,172	197,994	337,166	334,922	225,050	559,972
Cost of sales		(159,128)	(183,521)	(342,649)	(326,524)	(210,262)	(536,786)
Gross (loss) / profit		(19,956)	14,473	(5,483)	8,398	14,788	23,186
Administrative expenses		(25,332)	(7,620)	(32,952)	(33,613)	(11,012)	(44,625)
Other operating income	5	83	-	83	1,722	-	1,722
Operating (loss) / profit		(45,205)	6,853	(38,352)	(23,493)	3,776	(19,717)
Fair value movements	13	-	165	165	-	2,171	2,171
Share of profit of joint ventures	15(b)	64	-	64	2,827	-	2,827
(Loss) / profit before interest and taxation		(45,141)	7,018	(38,123)	(20,666)	5,947	(14,719)
Profit on disposal of operations	6	-	39,403	39,403	-	-	-
Interest receivable and similar income	7	-	-	-	41	-	41
Interest payable and similar expenses	8	(492)	(113)	(605)	(193)	(102)	(295)
(Loss) / profit before taxation	9	(45,633)	46,308	675	(20,818)	5,845	(14,973)
Tax on (loss) / profit	10	4,141	(31)	4,110	2,896	190	3,086
(Loss) / profit for the financial year / period		(41,492)	46,277	4,785	(17,922)	6,035	(11,887)

The notes on pages 26 to 45 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Profit / (loss) for the financial year / period		4,785	(11,887)
Revaluation of freehold land and buildings		34	551
Actuarial gain / (losses) on pension scheme	**22**	883	(180)
Tax on components of other comprehensive income / (expense)	**10**	(535)	(77)
Total comprehensive income / (expense) for the year / period		5,167	(11,593)

The notes on pages 26 to 45 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 £000	30 September 2020 £000
Fixed assets			
Investment property	**13**	-	12,600
Tangible assets	**14**	6,020	6,497
Investment in joint ventures	**15(b)**	146	306
		6,166	19,403
Current assets			
Stocks	**16**	695	4,411
Debtors (including £7,739,000 amounts falling due after one year (30 September 2020: £5,665,000))	**17**	49,545	75,064
Cash at bank and in hand		24,214	16,419
		74,454	95,894
Creditors: amounts falling due within one year	**18**	(60,160)	(88,421)
Net current assets		14,294	7,473
Total assets less current liabilities		20,460	26,876
Creditors: amounts falling due after more than one year	**19**	(9,147)	(15,382)
Provisions for liabilities	**20**	(1,242)	(5,151)
Pension asset / (liability)	**22**	594	(845)
Net assets		10,665	5,498
Capital and reserves			
Called up share capital	**23**	15	15
Revaluation reserve		2,674	2,640
Reverse acquisition reserve		1,153	1,153
Merger reserve		(18,190)	(18,190)
Retained earnings		25,011	19,878
Total equity attributable to owners of the parent		10,663	5,496
Non-controlling interests		2	2
Total equity		10,665	5,498

The notes on pages 26 to 45 are an integral part of these financial statements.

The financial statements on pages 19 to 45 were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

Andrew Osborne
Chairman

Stuart Hammond
Director

Company number 11056197 (England and Wales)

OSBORNE GROUP HOLDINGS LTD

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 £000	30 September 2020 £000
Fixed assets			
Investment in subsidiary undertakings	**15(a)**	8,644	8,644
		8,644	8,644
Current assets			
Debtors	**17**	10	-
Cash at bank and in hand		16	66
		26	66
Creditors: amounts falling due within one year	**18**	(101)	(18)
Net current (liabilities) / assets		(75)	48
Total assets less current liabilities		8,569	8,692
Creditors: amounts falling due after more than one year	**19**	(4,860)	(4,660)
Net assets		3,709	4,032
Capital and reserves			
Called up share capital	**23**	15	15
Retained earnings		3,694	4,017
Total equity		3,709	4,032

The company's loss for the year ended 30 September 2021 was £323,000 (18 month period ended 30 September 2020: loss £34,000) and the company's total comprehensive expense for the year ended 30 September 2021 was £323,000 (18 month period ended 30 September 2020: expense £34,000).

The notes on pages 26 to 45 are an integral part of these financial statements.
The financial statements on pages 19 to 45 were approved by the board of directors on 30 June 2022 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 YEAR ENDED 30 SEPTEMBER 2021

	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 2019	15	2,089	32,732	1,153	(18,190)	17,799	2	17,801
Loss for the financial year	-	-	(11,887)	-	-	(11,887)	-	(11,887)
Other comprehensive income for the period	-	551	(257)	-	-	294	-	294
Total comprehensive expenses 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
Profit for the financial year	-	-	4,785	-	-	4,785	-	4,785
Other comprehensive income for the year	-	34	348	-	-	382	-	382
Total comprehensive income for the year	-	34	5,133	-	-	5,167	-	5,167
Dividends paid	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance at 30 September 2021	15	2,674	25,011	1,153	(18,190)	10,663	2	10,665

The notes on pages 26 to 45 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2019	15	4,761	4,776
Loss for the financial year	-	(34)	(34)
Total comprehensive expense for the year	-	(34)	(34)
Dividends paid	-	(710)	(710)
Total transactions with owners	-	(710)	(710)
Balance at 30 September 2020	15	4,017	4,032
Loss for the financial period	-	(323)	(323)
Total comprehensive expense for the period	-	(323)	(323)
Dividends paid	-	-	-
Total transactions with owners	-	-	-
Balance at 30 September 2021	15	3,694	3,709

The notes on pages 26 to 45 are an integral part of these financial statements.

OSBORNE GROUP HOLDINGS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Year ended 30 September 2021 £000	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000	18 months ended 30 September 2020 £000
Profit / (loss) before taxation		675		(14,973)
Adjustments for:				
Interest receivable and similar income	-		(41)	
Interest payable and similar expenses	605		295	
Depreciation and revaluation of tangible assets	853		1,353	
Profit on disposal of subsidiaries	(39,403)		-	
Loss on disposal of tangible assets	130		1	
Gain on revaluation of investment properties	(165)		(2,171)	
Impairment of development land	-		2,286	
Share of profit of joint ventures	(64)		(2,827)	
Share-based payment expense	-		736	
Defined benefit pension costs	248		245	
(Decrease) / Increase in provisions	(2,336)		2,580	
Increase in stocks	(284)		(6,222)	
Decrease in debtors	4,925		27,200	
Increase / (Decrease) in creditors	7,198		(20,855)	
		(28,293)		2,580
Cash flow from operating activities		(27,618)		(12,393)
Interest paid	(406)		(286)	
Corporation taxes (paid) / refunded	-		1,030	
Defined benefit pension scheme contributions	(804)		(1,335)	
		(1,210)		(591)
Net cash used in operating activities		(28,828)		(12,984)
Cash flows from investing activities				
Purchase of tangible assets	(483)		(1,578)	
Proceeds on disposal of tangible assets	506		-	
Proceeds on disposal of subsidiaries (net of cash disposed)	27,886		-	
Purchase and construction of investment property	(535)		(9,276)	
Interest received	-		41	
Dividends received from joint ventures	224		5,600	
Loans made to related party	-		(2,000)	
Repayment of loans from related party	-		2,000	
Net cash generated from / (used in) investing activities		27,598		(5,213)
Cash flows from financing activities				
Dividends paid to owners of parent	-		(710)	
Repayment of obligations under finance leases	(226)		(220)	
Proceeds from bank loans	2,369		7,108	
Repayment of related party loans following disposals	6,882		-	
Proceeds from working capital facility	17,550		9,192	
Repayments of working capital facility	(17,550)		(9,192)	
Net cash generated from / (used in) financing activities		9,025		6,178
Net increase / (decrease) in cash and cash equivalents		7,795		(12,019)
Cash and cash equivalents at the beginning of the year / period		16,419		28,438
Cash and cash equivalents at the end of the year / period		24,214		16,419

The notes on pages 26 to 45 are an integral part of these financial statements.

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

These financial statements have been prepared for the year ended 30 September 2021. The comparative financial statements are for the eighteen month period from 1 April 2019 to 30 September 2020, following the change of the company's accounting reference date.

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 2021. 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 £4 million supply chain finance and working capital facility which it draws on as required. At 30 September 2021 the group had a positive cash balance of £24,214,000 (30 September 2020: £16,419,000) and debt of £2,672,000 of (30 September 2020: £7,620,000), comprising bank loans and finance leases.

In assessing the appropriateness of applying the going concern basis in the preparation of the consolidated financial statements the directors have considered the group's liquidity and forecast cash flows under a range of potential scenarios, taking into account reasonably possible outcomes over a 15-month period from the date of approval of these financial statements.

Base case scenario

The group's base case scenario projects the cash position of the business, which has benefitted significantly from the sale of various property assets post the year end, forward from the position as at the end of June 2022 for a period of 15 months to 30 September 2023. The base case then takes a prudent view of trading performance over the review period as well as taking a prudent view in respect of cash flows from claims and variations and expenditure on some commercial ventures. In addition the base case reflects anticipated operating cost savings from realigning the group's cost base following the sale of its Infrastructure business last year. No further lockdowns or operating restrictions in 2022 are considered within this forecast. Under the base case scenario, the group maintains a healthy cash balance throughout the review period.

Severe but plausible sensitised downside scenario

The directors have additionally modelled various downside sensitivities to stress test their liquidity forecasts to take account of possible delays in contracts or adverse performance issues over and above that built into the base case projections. In addition the directors have sensitised the cash forecasts for differing scenarios regarding potential claims settlements. In performing these sensitivities the directors have stress tested the business at a level they believe is beyond plausible. In all scenarios the group is projected to have sufficient liquidity throughout the going concern review period.

Conclusion

Having reviewed the cash flow projections, including the sensitised projections, and made appropriate enquiries, the directors are satisfied that the group has adequate resources to continue operating for the foreseeable future. Therefore the group continues to apply the going concern basis in preparing its financial statements.

2 Accounting policies (continued)

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.

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 2021.

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 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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.

3 Key sources of estimation uncertainty and critical accounting judgements

In the application of the group's accounting policies, which are described in notes 2.1-2.20, 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 £nil (30 September 2020: £1,222,000) at the statement of financial position date, being the fair value of these growth shares at this date.

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.

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 £20,103,000 as at 30 September 2021 (30 September 2020: £45,805,000) 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 £19,990,000 (30 September 2020: £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.

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. While claims situations are inherently uncertain, the directors are of the view that the overall amounts they have recognised at 30 September 2021 are probable of recovery and do not expect any material adverse impact on reported results in relation to this item.

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 surplus on the group's defined benefit scheme is £594,000 (30 September 2020: £845,000 deficit) after recognising actuarial gains of £883,000 (18 month period ended 30 September 2020: £180,000 loss) during the year.

Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised in respect of unutilised tax losses, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details of recognised and unrecognised deferred tax assets are set out in note 11.

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:

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Contracting activities	336,316	559,654
Rental income	850	318
	337,166	559,972

5 Other operating income

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Coronavirus Job Retention Scheme grant	83	1,722

6 Discontinued operations

As part of the Group's strategy to reorganise the group, the group disposed of its investments in Osborne Infrastruture Limited, Osborne Developments (Norwich) Limited and Osborne Developments (Colchester) Limited.

During the year, Osborne Infrastruture Limited contributed post-tax profits of £6,602,000 (2020: £6,390,000). The Group received cash consideration of £29,316,000 and non-cash consideration of £11,967,000 comprising £10,745,000 for the settlement of intercompany debt, and £1,222,000 for the settlement of the cash-settled share-based payment liability. The net assets at the date of disposal were £1,860,000. A profit on disposal of £39,423,000 was recognised in the profit and loss account.

During the year, Osborne Developments (Norwich) Limited contributed post-tax losses of £60,000 (2020: £2,053,000 loss). The Group received cash consideration of £1. The net assets at the date of disposal were £423,000. A loss on disposal of £423,000 was recognised in the profit and loss account.

During the year, Osborne Developments (Colchester) Limited contributed post-tax profit of £655,000 (2020: £1,698,000 profit). The Group received cash consideration of £2,354,000. The net assets at the date of disposal were £1,951,000. A profit on disposal of £403,000 was recognised in the profit and loss account.

7 Interest receivable and similar income

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Interest on bank deposits	-	8
Other interest receivable	-	33
	-	41

8 Interest payable and similar expenses

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Bank loans and overdrafts	245	175
Finance lease interest	35	25
Other interest	367	180
	647	380
Interest capitalised	(42)	(85)
	605	295

9 (Loss) / profit before taxation

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
(Loss) / profit before taxation is stated after charging/(crediting):		
Loss on sale of tangible assets	130	1
Defined benefit pension costs	248	245
Depreciation of tangible assets - owned	733	1,236
Depreciation of tangible assets - held under finance lease	120	117
Operating lease rentals:		
- Plant and machinery	11,376	15,271
- Land and buildings	1,549	2,177
Cost of stock recognised as an expense	7,109	11,196
Services provided by the group's auditors:		
- Fees payable for audit work for company and consolidated financial statements	30	18
- Fees payable for audit work for subsidiaries	302	288
- Fees payable for audit work for related party	75	-
- Fees payable for other services - tax compliance	50	44
- Fees payable for other services - tax advisory	33	6
- Fees payable for other services - other	137	-

10 Tax on (loss) / profit

(a) Included in profit or loss

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Current tax		
UK corporation tax on (loss)/ profit for the year / period	447	-
Adjustments in respect of prior periods	-	(494)
Total current tax	447	(494)
Deferred tax		
Origination and reversal of timing differences	(3,750)	(2,707)
Adjustments in respect of prior years	46	4
Impact of change in tax rate	(853)	111
Total deferred tax	(4,557)	(2,592)
Total tax credit for the year / period	(4,110)	(3,086)

(b) Included in other comprehensive income / (expense)

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Deferred tax		
Origination and reversal of timing differences	377	70
Impact of change in tax rate	158	7
Total tax charge / (credit) included in other comprehensive income	535	77

10 Tax on (loss) / profit (continued)

(c) Reconciliation of tax (credit) / charge

The tax assessed for the year ended 30 September 2021 is lower (18 month period ended 30 September 2020: lower) than the standard rate of corporation tax in the UK of 19% (18 month period ended 30 September 2020: 19%).

Factors affecting the tax (credit) / charge for the year	**Year ended 30 September 2021 £000**	**18 months ended 30 September 2020 £000**
Profit / (loss) before taxation	675	(14,973)
Profit / (Loss) before taxation multiplied by standard rate of UK corporation tax of 19% (year ended 31 September 2020: 19%)	128	(2,845)
Effects of:		
Non-deductible expenses	566	132
Non-taxable income	(7,487)	-
Income not subject to tax	(12)	(537)
Change in tax rates	(853)	4
Tax on share of partnership profits	12	456
Deferred tax not recognised	4,560	-
Deferred tax recognised at higher rate	(899)	-
Adjustments in respect of prior years	46	(383)
Other tax adjustments	(171)	87
Tax credit for the year / period	(4,110)	(3,086)

Factors affecting future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date that are expected to reverse after 1 April 2023 are measured using these enacted rates.

11 Deferred tax

Group	**Pension scheme deferred tax asset / (liability)**	**Other deferred tax liability**	**Other deferred tax asset**	**Total deferred tax asset**
	£000	**£000**	**£000**	**£000**
Balance at 1 October 2020	160	-	2,374	2,534
Income statement deferred tax (charge) / credit	-	(391)	4,948	4,557
Other comprehensive income / (expense) deferred tax charge	(368)	(167)	-	(535)
Disposal of subsidiary	-	323	(536)	(213)
Balance at 30 September 2021	(208)	(235)	6,786	6,343

Deferred tax is analysed over the following timing differences:

	30 September 2021	**30 September 2020**
	£000	**£000**
Capital allowances	(338)	(342)
Unutilised tax losses	7,557	3,398
Revaluation of properties	(668)	(914)
Share-based payments	-	232
Pension scheme	(208)	160
Total timing differences	6,343	2,534

Deferred tax has not been recognised in respect of losses of £24,000,000 (30 September 2020: £nil) as it is not regarded as probable that they will be recovered against future taxable profits.

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 £85,000. 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.

12 Dividends

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Group		
No first interim dividend was paid (18 month period ended 30 September 2020: 29 July 2019)	-	496
No second interim dividend was paid (18 month period ended 30 September 2020: 7 February 2020)	-	214
	-	710

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Company		
No first interim dividend was paid (18 month period ended 30 September 2020: 29 July 2019)	-	496
No second interim dividend was paid (18 month period ended 30 September 2020: 7 February 2020)	-	214
	-	710

No interim dividends were paid (18 month period ended 30 September 2020: two interim dividends totalling £710,000). The directors do not recommend the payment of a final dividend in respect of the year ended 30 September 2021 (18 month period ended 30 September 2020: £nil).

13 Investment property

Group	**£000**
Fair value	
At 1 October 2020	12,600
Additions	535
Fair value gains	165
Disposals	(13,300)
At 30 September 2021	-

In the period ended 30 September 2020, the Directors 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.

14 Tangible assets

(a) Group

	Freehold land and buildings £000	Leasehold improvements £000	Fixtures and equipment £000	Total £000
Cost or valuation				
At 1 October 2020	3,050	1,187	7,815	12,052
Additions	-	179	799	978
Revaluation	-	-	-	-
Disposals	-	(261)	(1,750)	(2,011)
At 30 September 2021	3,050	1,105	6,864	11,019
Accumulated depreciation				
At 1 October 2020	-	992	4,563	5,555
Charge for the financial period	34	70	749	853
Revaluation	(34)	-	-	(34)
Disposals	-	(261)	(1,114)	(1,375)
At 30 September 2021	-	801	4,198	4,999
Net book value				
At 30 September 2021	3,050	304	2,666	6,020
At 30 September 2020	3,050	195	3,252	6,497

The net book value of fixtures and equipment includes £920,000 (30 September 2020: £535,000) in respect of assets held under finance leases.

Analysis of land and buildings at cost and revalued amount:

	30 September 2021 £000	30 September 2020 £000
At cost	892	892
Increase due to valuation	2,158	2,158
	3,050	3,050

(b) In the period ended 30 September 2020, 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 2021 £000	30 September 2020 £000
Cost	892	892
Accumulated depreciation	(516)	(482)
Net book value	376	410

Company

The company has no tangible assets.

15 Investments

(a) Investment in subsidiary undertakings

Company	**£000**
Cost and carrying amount	
At 1 October 2020 and 30 September 2021	8,644

On 16 February 2021 the group sold Osborne Developments Norwich Limited to Rosewood Developments Holdings Ltd, a related party, for proceeds of £1.

On 18 May 2021 the group sold Osborne Developments (Colchester) Limited to Rosewood Developments Holdings Ltd, a related party, for proceeds of £2,129,000.

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

At 30 September 2021 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 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; 15.8% 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; 15.8% B ordinary
Osborne Communities Limited	Dormant	100% ordinary
Osborne Developments (Venta) Limited	Dormant	100% ordinary
Osborne Construction Limited	Building contractor	100% A ordinary 22.5% B ordinary
I S Manufacturing Limited	Dormant	100% ordinary
Geoffrey Osborne Developments (South) Limited	Property development	100% ordinary
GO Developments (Witham) Limited	Property lessor	100% ordinary
GO Developments (Solent) Limited	Property development	100% ordinary

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

(b) Investment in joint ventures

Group	**Year ended 30 September 2021 £000**	**18 months ended 30 September 2020 £000**
At beginning of period / year	306	3,079
Dividends received	(224)	(5,600)
Share of profit	64	2,827
At end of period / year	146	306

15 Investments (continued)

(b) Investment in joint ventures (continued)

The group has an interest in the following joint venture (no change from the prior period), 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. 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 2021 £000	30 September 2020 £000
Raw materials and consumables	695	411
Development land	-	4,000
	695	4,411

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 2021 £000	30 September 2020 £000	30 September 2021 £000	30 September 2020 £000
Amounts recoverable on long term contracts	20,103	45,805	-	-
Trade debtors	19,990	23,881	-	-
Amounts owed by group undertakings	-	-	10	-
Amounts owed by related companies	492	-	-	-
Deferred tax asset	6,411	2,534	-	-
Other debtors	1,292	64	-	-
Prepayments and accrued income	1,257	2,780	-	-
	49,545	75,064	10	-

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

	Group		Company	
	30 September 2021 £000	30 September 2020 £000	30 September 2021 £000	30 September 2020 £000
Trade debtors	1,481	3,184	-	-
Deferred tax asset	6,258	2,481	-	-
	7,739	5,665	-	-

18 Creditors : amounts falling due within one year

	Group		Company	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	£000	£000	£000	£000
Payments received on account	3,290	7,601	-	-
Trade creditors	13,522	24,271	-	-
Corporation tax	447	-	-	-
Other taxation and social security	3,979	1,696	-	-
Other creditors	1,192	432	-	-
Finance lease obligations	251	153	-	-
Deferred tax creditor	68	-		
Accruals and deferred income	37,411	54,268	101	18
	60,160	88,421	101	18

Included within group trade creditors is £nil (30 September 2020: £nil) 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 2021 was £nil (30 September 2020: nil).

The total facility available is £4,000,000 (30 September 2020: £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 year ended 30 September 2021 was £3,687,000(18 month period ended 30 September 2020: £2,688,000), and the amount outstanding at 30 September 2021 was £nil (30 September 2020: £nil). 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 2021	30 September 2020	30 September 2021	30 September 2020
	£000	£000	£000	£000
Bank loans	2,014	7,242	-	-
Trade creditors	6,726	6,693	-	-
Amounts owed to group undertakings	-	-	4,860	4,660
Cash-settled share-based payment	-	1,222	-	-
Finance lease obligations	407	225	-	-
	9,147	15,382	4,860	4,660
Maturity of debt				
Due between one and five years	9,147	15,382	-	-
Due after more than five years	-	-	4,860	4,660

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.

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

Bank loans

During the year ended 30 September 2021 the group had the following borrowing arrangements:

i. A £2,025,000 mortgage bearing interest at LIBOR + 4% repayable in December 2024 and secured by a fixed charge over the freehold property. The balance outstanding at 30 September 2024, net of £16,000 unamortised arrangement fees and accrued interest, was £2,014,000 (30 September 2020: £2,009,000).

ii. An £8,000,000 loan facility with Investec Bank plc to fund the construction if an investment property. Interest was charged at LIBOR +4.5% on any amounts drawn down and the facility was repayable in full on 3 December 2022. The facility was 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. On 18 May 2021 Osborne Developments (Colchester) Limited was sold to a related party (see note 6) and the group's obligations in respect of this facility ceased at that date. Prior to disposal, £2,369,000 was drawn down under this facility during the year (18 month period ended 30 September 2020: £5,211,000). The outstanding balance at 30 September 2021 of £nil (30 September 2020: £5,233,000) is shown net of £nil (30 September 2020: £63,000) of unamortised arrangement fees and inclusive of accrued interest of £nil (30 September 2020: £85,000).

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 (30 September 2020: 3.2%). The total future minimum lease payments are payable as follows:

	30 September 2021	30 September 2020
	£000	£000
Due within one year	280	163
Due between one and five years	440	230
Total gross payments	720	393
Less: future finance charges	(62)	(15)
Carrying value of obligation	658	378

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 3.2 years (30 September 2020: 2.5 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

Group	Remedial cost provision £000	Provision for contract losses £000	Total £000
At 1 October 2020	2,805	2,346	5,151
Additions charged to the consolidated income statement	2,486	-	2,486
Amounts utilised	(901)	(2,346)	(3,247)
Amounts released	(3,148)	-	(3,148)
At 30 September 2021	1,242	-	1,242

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. Provisions held in respect of infrastructure contracts were released on disposal of the infrastructure business and included in the calculation of profit on disposal.

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 was utilised during the financial year.

21 Financial instruments

The carrying amount of the group's financial instruments was as follows:	30 September 2021	30 September 2020
	£000	£000
Financial assets:		
Debt instruments measured at amortised cost	21,970	24,141
Financial liabilities:		
Measured at amortised cost	61,523	93,284
Measured at fair value	-	1,222

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.

22 Pension asset / (liability)

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	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Contributions payable by the group for the financial year	5,592	8,111

Contributions include £174,000 (period ended 30 September 2020: £317,000) paid to Hertfordshire County Council Pension Fund in respect of 15 employees (period ended 30 September 2020: 16 employees) and £95,000 (period ended 30 September 2020: £198,000) paid to Berkshire County Council Pension Fund in respect of 16 employees (period ended 30 September 2020: 17 employees) that belong to their previous employers' defined benefit pension plans. Contributions also include £nil (period ended 30 September 2020: £399,000) 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 2021 there were 34 deferred members (30 September 2020: 34) and 99 pensioner members (period ended 30 September 2020: 99). 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 £804,000 (period ended 30 September 2020: £1,335,000) 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 2021 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 2021 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 2021 %	30 September 2020 %
Rate of increase in pensions in payment	3.30	2.90
Rate of increase in pensions in deferment	2.50	2.00
Discount rate	2.00	1.70
Inflation assumption (RPI)	3.50	3.00
Inflation assumption (CPI)	2.70	2.00
Commutation of pensions to lump sums	80.00	80.00

The assumed life expectations on retirement age 65 are:

	Retiring today		*Retiring in 20 years*	
	30 September 2021 Years	30 September 2020 Years	30 September 2021 Years	30 September 2020 Years
Males	22.3	22.3	23.6	23.6
Females	24.1	24.0	25.6	25.5

22 Pension asset / (liability) (continued)

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

	30 September 2021 £000	30 September 2020 £000
Equities	2,875	2,305
Corporate bonds	1,890	1,245
Gilts	2,039	1,833
Other assets	2,384	2,091
Total fair value of plan assets	9,188	7,474

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 October 2020	7,474	(8,319)	(845)
Interest income/(expense)	133	(143)	(10)
Employer contributions	804	-	804
Benefits paid	(108)	108	-
Losses due to benefit changes	-	(238)	(238)
Remeasurement gains / (losses):			
- Actuarial (losses)	-	(2)	(2)
- Return on plan assets excluding interest income	885	-	885
At 30 September 2021	9,188	(8,594)	594

The return on plan assets was:

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Interest income	133	222
Return on plan assets less interest income	885	451
Actual return on plan assets	1,018	673

Defined benefit costs recognised in the consolidated income statement

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Expenses	-	204
Net interest cost	10	41
Losses due to benefit changes	238	-
Defined benefit costs recognised in the income statement	248	245

Defined benefit gains / (costs) recognised in the consolidated statement of comprehensive income

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Return on plan assets (excluding amounts included in net interest cost)	885	451
Experience gains / (losses)	115	(58)
Changes in assumptions underlying the present value of plan liabilities	(117)	(573)
Total actuarial gain / (loss)	883	(180)

23 Called up share capital

Group and company	30 September 2021 £000	30 September 2020 £000
Allotted and fully paid		
1,126,405 (30 September 2020: 1,126,405) New A shares of £0.01	11	11
208,308 (30 September 2020: 416,616) C shares of £0.02 (30 September 2020: £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. On 29 March 2022 the company repurchased its 208,308 C shares of £0.02 each from Rosewood Group Holdings Ltd at their nominal value. These shares were immediately cancelled.

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 year ended 30 September 2021, 6,591 of the growth shares were acquired by the group (18 month period ended 30 September 2020, 24,866). In addition, 13,043 of the growth shares were settled during the disposal of Osborne Infrastructure Limited. At 30 September 2021, 165,061 growth shares were held by participating employees (30 September 2020: 184,695).

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 £nil (18 month period ended 30 September 2020: £736,000) in respect of the increase in value of these growth shares during the year. The carrying value of the associated liability at the statement of financial position date was £nil (30 September 2020: £1,222,000).

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.

26 Contingent liabilities (continued)

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.

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 2021 £000	30 September 2020 £000
Due within one year	1,471	1,453
Due between two and five years	5,379	5,538
Due after five years	1,722	3,002
	8,572	9,993

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 2021 £000	30 September 2020 £000
Due within one year	210	246
Due between two and five years	840	840
Due after five years	210	420
	1,260	1,506

The group's operating leases represent the sub-lease of one (30 September 2020: two) properties occupied by the group to third parties negotiated over an average lease term of 6.0 years (30 September 2020: 4.0 years).

28 Capital commitments

The group had no capital commitments at 30 September 2021 (30 September 2020: £nil).

29 Directors' emoluments

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Aggregate emoluments for qualifying services	924	1,290
Contributions to defined contribution pension scheme	43	35

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to 3 (18 month period ended 30 September 2020: 3). The number of directors for whom retirement benefits have accrued under defined benefit schemes amounted to 1 (30 September 2020: 1).

No directors received shares in fellow group companies under long term incentive schemes (18 month period ended 30 September 2020: nil).

29 Directors' emoluments (continued)

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

	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Aggregate emoluments for qualifying services	373	519
Company contributions to defined contribution pension scheme	3	13
	376	532

30 Employees

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

	Group		Company	
	Year ended 30 September 2021 Number	18 months ended 30 September 2020 Number	Year ended 30 September 2021 Number	18 months ended 30 September 2020 Number
Construction	115	153	-	-
Infrastructure	327	306	-	-
Administration and central functions	199	213	-	-
Property maintenance and support	183	249	-	-
Manufacturing	45	45	-	-
	870	966	-	-

Employment costs	Group		Company	
	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000	Year ended 30 September 2021 £000	18 months ended 30 September 2020 £000
Wages and salaries	46,772	68,922	-	-
Social security costs	5,275	7,725	-	-
Other pension costs	5,344	8,356	-	-
Share-based payment	(1,222)	736	-	-
	56,169	85,739	-	-
Less: costs capitalised	-	(85)	-	-
	56,169	85,654	-	-

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 £349,000 (18 month period ended 30 September 2020 : £1,550,000).

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.

On 31 March 2022 Rosewood Group Holdings Ltd acquired 100% of the company's share capital in a share-for-share exchange with the former owners. Following this transaction Rosewood Group Holdings Ltd became the ultimate parent of the company. The ultimate owners of the company have not altered as a result of this transaction.

32 Related party transactions

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

	Other related parties	
	Year ended 30 September 2021	18 months ended 30 September 2020
	£000	£000
Sale of construction services	1,648	5,245
Recharges receivable	13	-
Recharges payable	(25)	-
Interest receivable	-	33
Management charges receivable	805	425
Loan receivable granted	-	(2,000)
Loan receivable repaid	6,886	2,000

	30 September 2021	30 September 2020
	£000	£000
Amounts owed by related parties	492	-

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 2021 and 30 September 2020 are unsecured, repayable on demand and interest free. No guarantees have been given or received. All amounts outstanding at 30 September 2021 were repaid in full during the year.

The key management personnel of the company are considered to be the directors and details of their emoluments has been disclosed in Note 29, Directors' emoluments.

33 Net debt reconciliation

	01 October 2020	Cash flows	Other movements	30 September 2021
	£000	£000	£000	£000
Cash at bank and in hand	16,419	7,795	-	24,214
Bank loans	(7,242)	(2,369)	7,597	(2,014)
Finance lease obligations	(378)	226	(506)	(658)
	8,799	5,652	7,091	21,542

Other movements are principally composed of £7,786,000 amounts disposed of on disposal of subsidiary undertakings and the addition of (£506.000) new finance leases during the year, with the remainder comprising the amortisation of arrangement fees and effective interest rate adjustments.

34 Events after the reporting period

On 29 March 2022 the company repurchased its 208,308 C shares of £0.02 each from Rosewood Group Holdings Ltd at their nominal value. These shares were immediately cancelled.

On 31 March 2022 Rosewood Group Holdings Ltd acquired 100% of the company's share capital in a share-for-share exchange with the former owners. Following this transaction Rosewood Group Holdings Ltd became the ultimate parent of the company. The ultimate owners of the company have not altered as a result of this transaction.