

**REGISTERED NUMBER: 02724474 (England and Wales)**

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE  
2019  
FOR  
HADHAM LIMITED**

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FOR THE YEAR ENDED 30 JUNE  
2019**

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**HADHAM LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE**  
**2019**

**DIRECTORS:** L S Kirtland  
G L Davis  
A J Dartnell

**SECRETARY:** G L Davis

**REGISTERED OFFICE:** Rae House  
Dane Street  
Bishop's Stortford  
Herts  
CM23 3BT

**BUSINESS ADDRESS:** 20-21 Twyford Business Park  
London Road  
Bishop's Stortford  
Hertfordshire  
CM23 3YT

**REGISTERED NUMBER:** 02724474 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:** T P Curtis

**INDEPENDENT  
AUDITORS:** Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE  
2019**

The directors present their strategic report for the year ended 30 June 2019.

**REVIEW OF BUSINESS**

The company experienced a decrease in turnover of approximately £3.7 million in comparison to the previous year, which, coupled with an overall dip in the gross profit percentage after last year's substantial rise, has meant that trading results have not been as strong as in the immediately preceding years, although they are still considered to be very good. The company has generally maintained its level of establishment costs and administrative charges whilst investing further in maintaining its fixed assets base.

The company's overall financial stability has once more improved whilst this reinvestment in the trading future has taken place by way of consolidating the general infrastructure of the business in order to facilitate any future contracts.

Taking into consideration the general uncertainty of the current economic climate, the directors are again pleased with the results for the year under review which show a pre-tax profit of just over £0.5 million. It is hoped that this level of profit will be at least maintained into the subsequent trading year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial risks and their management**

As part of its ordinary activities the company is exposed to a number of financial risks including liquidity risk, credit risk and interest rate risk. The company continues to proactively monitor these risks to ensure that they are managed appropriately.

The principal risk to the business is the relatively niche market that the company operates within. In order to maintain minimum risk conditions to the financial assets, liquidity and cash flow of the company the directors look to ensure that the clients are predominantly large construction organisations and that a continuous review of the commercial principles are undertaken before and during the contract process.

**Liquidity risks**

The company manages its cash to ensure that there are sufficient liquid resources to meet the operating need of its business activities.

**Credit risk**

Investments of cash surpluses are made through banks approved by the directors.

Receivable balances are monitored on an ongoing basis to ensure that the credit lines offered are appropriate and provision is made for doubtful debts where considered necessary, although the majority of the company's clients are of large company/organisation status and of long-standing repute.

**Interest rate risk**

Interest rate risk is not considered to represent a significant risk at this time. The interest bearing liabilities are insignificant in total and, as such, enable management to plan and structure the business accordingly to reflect any interest costs that arise efficiently.

**Commercial relationships**

The company's business activity is centred on a core base of close commercial relationships built over a long period of time. Any risk to the loss of these contracts is managed through regular reviews and contact with the relationship manager to ensure that the company responds to their needs and delivers the service levels that they expect.

**Regulatory compliance**

The company's main risk in this regard is considered to be that in relation to health and safety compliance and this particular issue is regularly reviewed and monitored by management and external experts in order to ensure that the highest standard possible is achieved.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE  
2019**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Personnel**

The company's personnel risk focuses on the ability to attract and retain skilled individuals to deliver its growth plans. The employment policies, remuneration and benefits packages are regularly reviewed to ensure that they remain competitive in the sector. The company also monitors employees to identify high performing individuals and ensure that they are developed and progressed within the company as seamlessly as possible.

**IT Systems**

The ability to increase the scale of the technology infrastructure at pace whilst retaining a secure and compliant environment is considered to be paramount to delivering the company's ongoing strategies. The business manages this risk through continuous improvement methodology and continues to invest in developing the core systems to ensure that they remain current and compliant, which includes regularly updating its computer software and hardware. The company has undertaken a major overhaul of their internal accounting systems towards the back end of the trading year to encompass an updated version of existing software and improved industry techniques, which is considered to be a valuable investment in the future development of the company.

**KEY PERFORMANCE INDICATORS**

The directors continue to consider that the company's key performance indicators are its sales (completion of projects) and return on these sales by minimising overheads and increasing staff efficiency without compromising the quality. The main points are:

**Sales:** Turnover has dropped back this year after two years of continuing growth, although the level is still approximately 37.5% higher than the figure achieved just three years ago.

**Gross profit:** The gross profit percentage has also dropped back in comparison to the previous year, although it is considered that this is more of a fact that last year's level of return was unusually high than this year's figure being low. It is further considered that it represents a level within the usual overall anticipated historic range.

Overheads and administration expenses have been maintained in line with the corresponding amounts during the previous year with nothing of a disproportionate nature and they are considered to be fairly consistent with recent years in general.

The size of the company's workforce has dropped back in number in line with the decreased level of trade and is now more in keeping with the number employed during earlier years.

The financial integrity and stability of the company has once more been maintained relative to bank balances and the level of outstanding debtors with net current assets collectively having increased by approximately £0.4 million.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE  
2019**

**FUTURE DEVELOPMENTS**

Ongoing internal and third party reviews of health and safety procedures have been undertaken with no breaches or weaknesses of any significance having been encountered. Continuing improvements in this regard have contributed towards the company's good reputation and working practices in the sector.

Continuing reassessments of internal procedures, management structures and capital requirements have been carried out in order to facilitate the ongoing plans and objectives of the company and to ensure that it maintains its viability in the immediate and long-term future in what is a competitive market place.

**ON BEHALF OF THE BOARD:**

L S Kirtland - Director

27 November 2019

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE  
2019**

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of general and civil engineering and there has been no significant change in this activity during the year.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2019.

**DIRECTORS**

The directors during the year under review were:

L S Kirtland	
G L Davis	
A J Dartnell	- appointed 11.4.19

The beneficial interests of the directors holding office on 30 June 2019 in the issued share capital of the company were as follows:

	30.6.19	1.7.18 or date of appointment if later
<b>Ordinary £1 shares</b>		
L S Kirtland	100	100
G L Davis	-	-
A J Dartnell	-	-

**STATUTORY INFORMATION**

Further information required to be disclosed within the directors' report is set out in the strategic report in accordance with section 414C (11) of the Companies Act 2006.

**CHARITABLE CONTRIBUTIONS**

During the year the company made charitable contributions totalling £10,637 (2018 - £7,420). These contributions were made in furtherance of the charities' general objectives.

**DIRECTORS' INDEMNITY**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained directors' and officers' liability insurance during the year in respect of itself and its directors.



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE  
2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

L S Kirtland - Director

27 November 2019

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HADHAM LIMITED

## Opinion

We have audited the financial statements of Hadham Limited (the 'company') for the year ended 30 June 2019 which comprise the Profit and Loss Account and Retained Earnings, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
  - and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- Based on the work undertaken in the course of audit, the strategic report and directors' report is consistent with the financial statement and has been prepared in accordance with applicable legal requirements.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent

otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which
- the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HADHAM LIMITED

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

## **Responsibilities of directors**

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

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

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

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

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

## **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

T P Curtis (Senior Statutory Auditor)  
for and on behalf of Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

27 November 2019

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**PROFIT AND LOSS ACCOUNT AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 JUNE  
2019**

	Notes	30.6.19 £	£	30.6.18 £	£
<b>TURNOVER</b>	4	11,102,574		14,783,273	
Cost of sales		<u>8,734,036</u>		<u>10,698,250</u>	
<b>GROSS PROFIT</b>		2,368,538		4,085,023	
Administrative expenses		<u>1,833,840</u>		<u>2,820,763</u>	
<b>OPERATING PROFIT</b>	6	534,698		1,264,260	
Exceptional bad debt	7	<u>15,214</u>		<u>123,000</u>	
		519,484		1,141,260	
Income from fixed asset investments		3,500		3,300	
Interest receivable and similar income		5,380		743	
		<u>8,880</u>		<u>4,043</u>	
		528,364		1,145,303	
Gain/(loss) on revaluation of listed investments		(16,100)		1,100	
		<u>512,264</u>		<u>1,146,403</u>	
Interest payable and similar expenses	8	897		1,410	
<b>PROFIT BEFORE TAXATION</b>		<u>511,367</u>		<u>1,144,993</u>	
Tax on profit	9	<u>100,012</u>		<u>254,307</u>	
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>411,355</u></u>		<u><u>890,686</u></u>	

The notes form part of these financial statements

**BALANCE SHEET**  
**30 JUNE**  
**2019**

	Notes	30.6.19 £	£	30.6.18 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		388,984		390,171
Investments	11		<u>62,900</u>		<u>79,000</u>
			451,884		469,171
<b>CURRENT ASSETS</b>					
Debtors	12	2,931,432		3,234,109	
Cash at bank and in hand		<u>4,136,180</u>		<u>4,785,345</u>	
		7,067,612		8,019,454	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>3,007,025</u>		<u>4,401,383</u>	
<b>NET CURRENT ASSETS</b>			<u>4,060,587</u>		<u>3,618,071</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,512,471		4,087,242
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		(13,125)		-
<b>PROVISIONS FOR LIABILITIES</b>	17		(76,746)		(75,997)
<b>NET ASSETS</b>			<u>4,422,600</u>		<u>4,011,245</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		100		100
Retained earnings	19		<u>4,422,500</u>		<u>4,011,145</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>4,422,600</u>		<u>4,011,245</u>

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

L S Kirtland - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE  
2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2017</b>	100	3,120,459	3,120,559
<b>Changes in equity</b>			
Total comprehensive income	-	890,686	890,686
<b>Balance at 30 June 2018</b>	<u>100</u>	<u>4,011,145</u>	<u>4,011,245</u>
<b>Changes in equity</b>			
Total comprehensive income	-	411,355	411,355
<b>Balance at 30 June 2019</b>	<u>100</u>	<u>4,422,500</u>	<u>4,422,600</u>

The notes form part of these financial statements



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE  
2019**

	Notes	30.6.19 £	30.6.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(510,923)	2,269,163
Interest paid		(897)	(1,410)
Tax paid		<u>(272,216)</u>	<u>(178,776)</u>
Net cash from operating activities		<u>(784,036)</u>	<u>2,088,977</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(141,697)	(38,493)
Sale of tangible fixed assets		45,065	21,300
Interest received		5,380	743
Dividends received		<u>3,500</u>	<u>3,300</u>
Net cash from investing activities		<u>(87,752)</u>	<u>(13,150)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		24,930	(26,666)
Amount introduced by directors		197,693	-
Amount withdrawn by directors		-	<u>(200,000)</u>
Net cash from financing activities		<u>222,623</u>	<u>(226,666)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(649,165)</u>	<u>1,849,161</u>
<b>Cash and cash equivalents at beginning of year</b>	2	4,785,345	2,936,184
<b>Cash and cash equivalents at end of year</b>	2	<u><u>4,136,180</u></u>	<u><u>4,785,345</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE  
2019**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH  
GENERATED FROM OPERATIONS**

	30.6.19	30.6.18
	£	£
Profit before taxation	511,367	1,144,993
Depreciation charges	107,710	150,387
Profit on disposal of fixed assets	(9,891)	(5,288)
Loss/(gain) on revaluation of fixed assets	16,100	(1,100)
Finance costs	897	1,410
Finance income	<u>(8,880)</u>	<u>(4,043)</u>
	617,303	1,286,359
Decrease in trade and other debtors	104,984	1,026,992
Decrease in trade and other creditors	<u>(1,233,210)</u>	<u>(44,188)</u>
<b>Cash generated from operations</b>	<u><u>(510,923)</u></u>	<u><u>2,269,163</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2019**

	30.6.19	1.7.18
	£	£
Cash and cash equivalents	<u>4,136,180</u>	<u>4,785,345</u>

**Year ended 30 June 2018**

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	<u>4,785,345</u>	<u>2,936,184</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE  
2019**

**1. STATUTORY INFORMATION**

Hadham Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office along with trading addresses can be found on the Company Information page. The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Some of the items within these financial statements have been reclassified to improve the comparability, reliability and relevance of the financial statements.

**Turnover**

Turnover is measured by the company at the fair value of the consideration received or receivable for goods and services provided, net of trade discounts and value added tax. It represents the value of work carried out during the year, including amounts not invoiced. When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the year end date. Revenue is therefore recognised on the basis of the proportion of total costs at the year end date to the total estimated costs of each respective contract.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed should there be an indication of a significant change in expectation of any tangible fixed assets' ability to generate future economic benefit.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is

provided at rates calculated to write each asset down to its estimated residual value over its expected useful life. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant & machinery - 25% on cost and 25% on reducing balances

Motor vehicles - 25% on reducing balance

Computer and office equipment - Straight line over 3 years

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE  
2019**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss

Account and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet.

Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme and also pays personal contributions on behalf of a director. All contributions for the year are charged in the profit and loss account.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances.

**Going concern**

In preparing these accounts, the directors believe it is appropriate to adopt the going concern assumption based on the continued profitability of the company and their forecasts that the company will continue to have sufficient resources for its ongoing operations.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE  
2019**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instruments.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes, in effect, a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 2 above, the directors are required to make judgements, 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. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

**Revenue recognition**

The Company recognises revenue from the provision of services provided through a service contract and as the activity progresses. In making its judgement as to the value of work performed, and the estimate of costs to complete the contractual services (including any foreseeable cost overruns), management consider that while there is a degree of judgement in determining these factors, there is sufficient certainty to ensure that the company meets the requirements of FRS 102 in relation to revenue recognition.

**Allowance for doubtful debts**

Management undertakes a review of all new customers and a periodic review of existing customers to determine whether specific risks of default exist. Beyond identification of specific risks, management undertakes periodic reviews into the calculation of provisions for doubtful debts to ensure historic trends continue to provide a basis for determining a reliable estimate for such doubtful debts.

**Determining residual values and useful economic lives of fixed assets**

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

**Taxation**

The company establishes provisions based on reasonable estimates, in order to comply with applicable

tax legislation. Management estimation is required to determine the amount of deferred tax assets, that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax rates applicable at the time.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

		30.6.19	30.6.18
United Kingdom		£	£
	Page	<u>11,102,574</u>	<u>14,783,273</u>
	17	<u>11,102,574</u>	<u>14,783,273</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
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5. EMPLOYEES AND DIRECTORS

	30.6.19	30.6.18
	£	£
Wages and salaries	3,084,995	3,854,545
Social security costs	339,370	444,934
Other pension costs	84,466	137,703
	<u>3,508,831</u>	<u>4,437,182</u>

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

	30.6.19	30.6.18
Office and management	22	22
Direct labour	<u>57</u>	<u>68</u>
	<u>79</u>	<u>90</u>

	30.6.19	30.6.18
	£	£
Directors' remuneration	<u>608,388</u>	<u>1,399,321</u>

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

Money purchase schemes	<u>3</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	30.6.19	30.6.18
	£	£
Emoluments etc	<u>499,800</u>	<u>1,301,800</u>

6. OPERATING PROFIT

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

	30.6.19	30.6.18
	£	£
Plant hire	73,664	164,289
Depreciation - owned assets	104,447	141,021
Depreciation - assets on hire purchase contracts	3,260	9,366
Profit on disposal of fixed assets	(9,888)	(5,288)
Auditors' remuneration	<u>12,500</u>	<u>11,000</u>

7. EXCEPTIONAL ITEMS

	30.6.19	30.6.18
	£	£
Exceptional bad debt	<u>(15,214)</u>	<u>(123,000)</u>

**Bad debt - associate company**

The exceptional item relates to the provision for the writing down of the loan balance to the associated company, Lass Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued  
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8. <b>INTEREST PAYABLE AND SIMILAR EXPENSES</b>	30.6.19	30.6.18
	£	£
Hire purchase interest	<u>897</u>	<u>1,410</u>

9. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	30.6.19	30.6.18
	£	£
Current tax:		
UK corporation tax	99,263	272,216
Deferred tax: origination and reversal of timing differences	749	(17,909)
Tax on profit	<u>100,012</u>	<u>254,307</u>

UK corporation tax has been charged at 19% (2018 - 19%).

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.19	30.6.18
	£	£
Profit before tax	<u>511,367</u>	<u>1,144,993</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	97,160	217,549
Effects of:		
Expenses not deductible for tax purposes	5,910	37,176
Income not taxable for tax purposes	-	(627)
Capital allowances in excess of depreciation	(3,807)	-
Depreciation in excess of capital allowances	-	18,118
Adjustments to tax charge in respect of previous periods	749	(17,909)
Total tax charge	<u>100,012</u>	<u>254,307</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
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10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer and office equipment £	Totals £
<b>COST</b>				
At 1 July 2018	424,129	501,573	131,497	1,057,199
Additions	35,671	104,361	1,665	141,697
Disposals	(5,100)	(120,220)	(4,101)	(129,421)
At 30 June 2019	<u>454,700</u>	<u>485,714</u>	<u>129,061</u>	<u>1,069,475</u>
<b>DEPRECIATION</b>				
At 1 July 2018	278,002	262,530	126,496	667,028
Charge for year	38,320	64,926	4,461	107,707
Eliminated on disposal	(4,998)	(85,145)	(4,101)	(94,244)
At 30 June 2019	<u>311,324</u>	<u>242,311</u>	<u>126,856</u>	<u>680,491</u>
<b>NET BOOK VALUE</b>				
At 30 June 2019	<u>143,376</u>	<u>243,403</u>	<u>2,205</u>	<u>388,984</u>
At 30 June 2018	<u>146,127</u>	<u>239,043</u>	<u>5,001</u>	<u>390,171</u>

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the value in use supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1 July 2018	50,930
Additions	39,120
Transfer to ownership	(50,930)
At 30 June 2019	<u>39,120</u>
<b>DEPRECIATION</b>	
At 1 July 2018	22,833
Charge for year	3,260
Transfer to ownership	(22,833)
At 30 June 2019	<u>3,260</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>35,860</u>
At 30 June 2018	<u>28,097</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE  
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11. FIXED ASSET INVESTMENTS

	Listed investments £
<b>COST OR VALUATION</b>	
At 1 July 2018	79,000
Revaluations	(16,100)
At 30 June 2019	<u>62,900</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>62,900</u>
At 30 June 2018	<u>79,000</u>

Cost or valuation at 30 June 2019 is represented by:

	Listed investments £
Valuation in 2015	68,000
Valuation in 2016	(19,300)
Valuation in 2017	19,200
Valuation in 2018	1,100
Valuation in 2019	(16,100)
Cost	<u>10,000</u>
	<u>62,900</u>

If fixed asset investments had not been revalued they would have been included at the following historical cost:

	30.6.19 £	30.6.18 £
Cost	<u>10,000</u>	<u>10,000</u>

Fixed asset investments were valued on an open market basis on 30 June 2019 by the company directors

12. DEBTORS

	30.6.19 £	30.6.18 £
Amounts falling due within one year:		
Trade debtors	122,029	55,136
Amount owed by related company	24,000	18,000
Amounts due from construction contract customers	1,868,733	2,060,926
Other debtors	10,142	10,142
Social security and other taxes	70,775	124,626
Directors' current accounts	-	197,693
Prepayments & accrued income	<u>78,223</u>	<u>46,189</u>
	<u>2,173,902</u>	<u>2,512,712</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
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12. DEBTORS - continued

	30.6.19	30.6.18
	£	£
Amounts falling due after more than one year:		
Amounts due from construction contract customers	<u>757,530</u>	<u>721,397</u>
	<u>757,530</u>	<u>721,397</u>
Aggregate amounts	<u>2,931,432</u>	<u>3,234,109</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.19	30.6.18
	£	£
Hire purchase contracts (see note 15)	17,500	5,695
Trade creditors	1,029,856	1,519,026
Corporation tax	99,263	272,216
Social security and other taxes	107,811	101,933
Other creditors	12,020	10,345
Amount owed to related parties	-	89,000
Amounts due to construction contract customers	1,346,250	1,082,095
Accrued expenses	<u>394,325</u>	<u>1,321,073</u>
	<u>3,007,025</u>	<u>4,401,383</u>

The hire purchase liability disclosed under creditors falling due within one year of £17,500 (2018: £5,695) is secured by the company. The loan in respect of the hire purchase agreement is secured against the asset to which it relates.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.19	30.6.18
	£	£
Hire purchase contracts (see note 15)	<u>13,125</u>	<u>-</u>

The hire purchase liability disclosed under creditors falling due after one year of £13,125 (2018: nil) is secured by the company. The loan in respect of the hire purchase agreement is secured against the asset to which it relates.

NOTES TO THE FINANCIAL STATEMENTS - continued  
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15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.6.19	30.6.18
	£	£
Gross obligations repayable:		
Within one year	18,295	6,141
Between one and five years	<u>13,796</u>	-
	<u>32,091</u>	<u>6,141</u>
Finance charges repayable:		
Within one year	795	446
Between one and five years	<u>671</u>	-
	<u>1,466</u>	<u>446</u>
Net obligations repayable:		
Within one year	17,500	5,695
Between one and five years	<u>13,125</u>	-
	<u>30,625</u>	<u>5,695</u>
	Non-cancellable operating leases	
	30.6.19	30.6.18
	£	£
Within one year	48,113	3,463
Between one and five years	<u>137,372</u>	<u>184,347</u>
	<u>185,485</u>	<u>187,810</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.19	30.6.18
	£	£
Hire purchase contracts	<u>30,625</u>	<u>5,695</u>

The hire purchase liabilities are secured against the related assets.

17. PROVISIONS FOR LIABILITIES

	30.6.19	30.6.18
	£	£
Deferred tax		
Accelerated capital allowances	66,695	62,887
Deferred tax on revaluations	<u>10,051</u>	<u>13,110</u>
	<u>76,746</u>	<u>75,997</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
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17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 July 2018	75,997
Charge for the year	<u>749</u>
Balance at 30 June 2019	<u><u>76,746</u></u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
100	Ordinary	£1	
			30.6.19
			£
			<u>100</u>
			30.6.18
			£
			<u>100</u>

19. RESERVES

	Retained earnings £
At 1 July 2018	4,011,145
Profit for the year	<u>411,355</u>
At 30 June 2019	<u><u>4,422,500</u></u>

20. PENSION COMMITMENTS

The company operates defined pension schemes for the directors and employees. Contributions to pension schemes for the directors during the year totalled £16,580 (2018 - £71,764) and for employees totalled £67,886 (2018 - £65,939). There were £25,020 of outstanding contributions at the balance sheet date (2018 - £51,345).

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 June 2019 and 30 June 2018:

	30.6.19	30.6.18
	£	£
<b>L S Kirtland</b>		
Balance outstanding at start of year	197,693	-
Amounts advanced	300,000	197,693
Amounts repaid	(497,693)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u><u>-</u></u>	<u><u>197,693</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

During the year £300,000 was advanced to L S Kirtland, a director and shareholder of the company.

This amount was repaid in full during the year together with the opening loan balance in the sum of £197,693. There was no outstanding balance owed at the year end date.

**22. RELATED PARTY DISCLOSURES**

**Entities over which the entity has control, joint control or significant influence**

During the year the company sold goods, fixed assets and services to Alloy Fabweld Limited, a company in which L S Kirtland is materially interested as a 50% shareholder. These transactions totalled £74,000 (2018 - £15,000). The company did not acquire any goods and services from Alloy Fabweld Limited during the year (2018 - £76,129). As at the balance sheet date Alloy Fabweld Limited owed the company £24,000 (2018 - £18,000).

**Key management personnel of the entity or its parent (in the aggregate)**

During the year the company occupied premises owned by L S Kirtland, a director and shareholder and paid rent totalling £85,000 (2018 - £85,000), which was considered to be the market rate. There were no outstanding amounts due at the year end date.

**Other related parties**

**Key management personnel compensation**

Directors and key staff

The total remuneration of directors and other key staff members in 2019 (including salaries and other benefits) was £699,864 (2018 - £1,572,517).

**23. CONTROLLING PARTY**

The controlling party is L S Kirtland.

The ultimate controlling party is L S Kirtland.