REGISTERED NUMBER: 03168455 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 30 September 2020

for

J Tomlinson Limited

Contents of the Financial Statements for the Year Ended 30 September 2020

J Tomlinson Limited

Company Information
for the Year Ended 30 September 2020

DIRECTORS:	D K Adams M T Davis S M Kirkland
SECRETARY:	D K Adams
REGISTERED OFFICE:	Scimitar House 100 Lilac Grove Beeston Nottingham NG9 1PF
REGISTERED NUMBER:	03168455 (England and Wales)
AUDITORS:	Bates Weston Audit Ltd Statutory Auditors Chartered Accountants The Mills Canal Street Derby DE1 2RJ
BANKERS:	NatWest Bank Plc 19 High Road Beeston Nottingham NG9 2JX
SOLICITORS:	Actons Solicitors 20 Regent Street Nottingham NG1 5BQ

Strategic Report
for the Year Ended 30 September 2020

The directors present their strategic report for the year ended 30 September 2020.

J Tomlinson Limited delivers its operations through the following operating units; Maintenance, Regeneration, Refurbishment, Care (new-build care facilities) and Engineering Services.

REVIEW OF BUSINESS
As with others within the broader construction related sectors, our 2020 financial year was significantly affected by the unexpected and unprecedented COVID-19 pandemic.

The decrease in turnover to £94.8m (2019: £131.9m) and the operating loss of £741,000 (2019: £1,265,000 profit) has to a large extent been brought about by the unprecedented impact of COVID-19 on the company's trading activities with many clients, particularly in the education and occupied care sectors, deferring and temporarily suspending planned projects and associated works. This resulted in unavoidable losses during the second half of the financial year when the company typically undertakes a significant amount of refurbishment and planned maintenance.

At the height of the Government's first lockdown in late March 2020 the company had detailed discussions with customers and our supply chain around how we could continue to operate in a socially distanced, safe manner. Through the development and implementation of strict safety controls, we were able to maintain operations on some sites and gradually returned to socially distanced working from June 2020.
Despite this, when activity levels fell, the company felt it necessary to place a significant part of its unutilised workforce on furlough through the Coronavirus Job Retention Scheme (CJRS). We maintained open communication with staff throughout this period, providing frequent updates via emails, letters and phone calls.

Our prompt action through the take up of CJRS, the utilisation of the VAT Deferral Scheme and the securing of a Coronavirus Business Interruption Loan Scheme (CLBILS) loan together with the introduction of strict COVID-19 safety measures, has lessened the economic impact of the pandemic, secured the continued employment of its workforce and managed the company's cash position responsibly. This has created a strong foundation from which to optimise business opportunities the next year.

Whilst the results are clearly reflective of the significant impact of COVID-19, the company has weathered the pandemic and remains in robust health which we believe is testament to the trust our customers have in our safe working practices, together with the robust controls we have in place around streamlining overheads and cash management.

Implementation of the company's Enterprise Resource Planning (ERP) computer system continued in the year albeit at a much slower pace due to the impact of COVID-19 on the output of the implementation team. The final phase of the maintenance planning and scheduling optimisation system will be implemented in late 2021 and the directors remain confident the anticipated efficiencies and work winning opportunities will be realised.

The directors' aim is to achieve a happy, healthy and stable workforce. This in turn will encourage loyalty and commitment from its staff. Ongoing embedment of the company's 'One Team Philosophy' which is based upon creating the right culture, values and behaviours is a major part of the initiative. Positive customer feedback indicates that the workforce is embracing the new way of working and the Directors are confident that this will be a key factor in the recovery post COVID-19 and in the success of their future strategies.

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the company's strategy are inherently subject to several risks. These are identified, monitored and mitigated in an effective manner.

The main risk to the business continues to be the impact of COVID-19 on activity levels and the wellbeing of the company's employees. The continued utilisation of the Government support as outlined above and the adoption of strict COVID-19 safety measures will ensure the company is well placed to continue to weather the economic and operational disruption brought about by the pandemic.

The directors consider another risk to be the inflationary pressure on the cost of labour and materials as the economy starts to recover from the pandemic and the border controls brought about by Brexit.

It is well known there is a shortage of skilled staff in the construction industry brought about the lack of training and by many workers returning to their home country due to the pandemic and because of Brexit. The company has maintained a strong commitment to train and develop apprentices and its workforce as a means of overcoming the shortage of skilled staff.

Inflationary pressure on material and subcontract prices is managed by close review of estimates during the tender stage and by fixing tender acceptance periods.

The directors feel that the other key business risks and uncertainties relate to the competitive nature of securing contracts which can lead to low margins and deteriorating working capital and cash flow. Management addresses these risks through the ongoing monitoring of order books, budgets and monthly management accounts.

The profitability and infrastructure of the company are continually monitored by the directors in the light of changes within a highly competitive industry. Changes are implemented where deemed appropriate in order to minimise the effects of the risks and uncertainties the company faces in retaining market share and maintaining margins.

SECTION 172(1) STATEMENT
In discharging their duty to promote the interests of the company under Section 172 of the Companies Act 2006, the directors consider a number of factors and stakeholders' interests; comments on each of these are provided below:

The Board

The Board's primary responsibility is to promote the long-term success of the company as well as safeguard the interests of its principal stakeholders. The Board seeks to achieve this by setting out its strategy and subsequently monitoring performance against these strategic objectives. As a privately owned business, the Board considers that the interests of the company and its ultimate owners are closely aligned in seeking sustainable growth and value creation over the longer term.

The Board meet monthly during the course of the year and a formal schedule of matters to be discussed and corresponding minutes of meetings are maintained. The topics discussed include the determination of the company's strategy and long-term direction, reviewing health, safety and environmental performance, approval of budgets, significant capital expenditure projects, organisational changes and amendments to key policies. The Board also monitors the effectiveness of the company's internal control system, governance and risk management.

Our people

The directors understand the importance of the company's employees to the long-term success of the business, and to delivering high-quality projects safely and on time.

The health and safety of the company's employees is of paramount importance and the Directors review performance in this area at each scheduled meeting.

We are proud to have a number of "Mental Health First Aiders" within our teams which is widely publicised across the company both in offices and on-site. These individuals are a point of contact should anyone in our business be experiencing a mental health issue or emotional distress; they are trained to provide initial support and signpost to the appropriate help and support if required.

The company also offers a 24-hour helpline and Employee Assistance Programme through an independent provider to support our employees with personal and professional problems which could be affecting their home or work life, health and general wellbeing.

All of our employees are eligible to be nominated for a number of quarterly and annual awards including the "Green Machine Awards" (ideas and achievements towards tackling the climate crisis and becoming a more sustainable business), the "Safety Awards" (recognising safety-related initiatives and actions) and the "WOW Awards" (recognising employees building successful relationships, One Team working, customer excellence and realising their potential).

The company regularly communicates to its employees via a monthly newsletter, presentations and internal organisation-wide emails. We recognise the benefits of a diverse and inclusive workforce; this is promoted through training, educational campaigns, recruitment and management practices.

Our customers, suppliers and others

The Board regularly reviews how the company maintains a positive relationship with all its stakeholders including suppliers, sub-contractors and others.

Our customers are at the heart of our business and therefore the Board considers that getting closer to customers and thus becoming more responsive to their needs, is important.

The Board fully supported the implementation of a new vendor on-boarding tool recently introduced which reduces the risk of engaging with non-compliant suppliers. With suppliers in mind, the new tool makes on-boarding straight forward and provides the Board with the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

In addition to this, the company have extended the use of an online invoicing platform to simplify our suppliers' process for invoicing, to ensure the supply-chain is paid on time and to reduce the overall amount of paper in the procurement process.

The prevention, detection and reporting of modern slavery in any part of our business or supply chain is the responsibility of all persons working for us or on our behalf in any capacity (including our employees, suppliers, workers, directors, agents and all third-party business partners). Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate training on it and the issue of modern slavery in supply chains.

Social responsibility

As a socially conscious business, it is important to the company that we leave a positive legacy in the communities in which we operate. As such, we proactively collaborate with clients to deliver social value activities on their behalf. We have a proven, award-winning delivery model in place to deliver commitments, alongside a range of partners, including schools, colleges, social enterprises, community clubs and charities.

Strategic Report
for the Year Ended 30 September 2020

In the past year, positive interventions have encompassed work experience opportunities, community days, sponsorship, mock interviews, traineeships and volunteering. For example, over the period of our long-term partnership with a customer, we have supported 15 new apprenticeships, 15 careers events and 90% local employment on the contract.

The company is committed to becoming more sustainable and embracing energy efficient solutions for ourselves and our customers. In line with Government's net zero target, we are working towards a 30% relative reduction of our carbon emissions by 2025. Our strategy focuses upon three core areas to minimise the company's environmental footprint:

- Maximise the diversion of waste from landfill via waste avoidance, re-use and recycling processes
- Minimise carbon emissions from the power we use and transport
- Sustainable procurement activities, including local supply chain engagement

FINANCIAL INSTRUMENTS
The company uses basic financial instruments such as cash, trade debtors, trade creditors and a loan.

KEY PERFORMANCE INDICATORS
The directors monitor the progress of the company with reference to turnover, gross profit % and cash generation, all of which are analysed through the review of detailed monthly management accounts.

ON BEHALF OF THE BOARD:

D K Adams - Secretary

29 June 2021

Report of the Directors
for the Year Ended 30 September 2020

The directors present their report with the financial statements of the company for the year ended 30 September 2020.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of electrical and mechanical installation, service and maintenance engineers and construction activities.

DIVIDENDS
No dividends will be distributed for the year ended 30 September 2020.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2019 to the date of this report.

D K Adams
M T Davis
S M Kirkland

Other changes in directors holding office are as follows:

S G Noble - resigned 31 March 2020

GENERAL INFORMATION
Within the bounds of confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the company and are of interest to them as employees.

Disabled persons are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

STREAMLINED ENERGY AND CARBON REPORTING
Energy & Carbon Strategy

J Tomlinson is committed to minimising our carbon footprint and optimising energy efficient solutions for ourselves and our customers. We are working towards a 30% relative reduction of our carbon emissions, compared to 2018 levels focused around three core areas:

- Eliminate non-sustainable waste;
- Minimise carbon emissions from power we use and transport;
- Enhance the efficiency of our buildings.

Our carbon reduction path is already underway with diversion of waste from landfill (company average 98.5%), enhanced efficiency of buildings and we are working to adapt our services to operate and grow in a low-carbon economy.

Energy & Carbon Performance

During the year, the company has reduced its carbon output by 4%. This has been achieved in part by the following activities in the year:

- Installation of LED lighting within the company's Head Office;
- Promotion of digital meetings where appropriate to reduce business mileage;
- Adoption of a hybrid approach to office/home based working reducing commuting mileage;
- Engaged with our employees to promote the environmental benefits of electric-powered and lower emission company cars which we expect to form the majority of our company car fleet within 3 years;
- Installation of Electric Vehicle charging points at the company's Head Office commenced May 2021;

- A detailed review has commenced into the transition of our van fleet to low- or zero-carbon vehicles.

Reporting Period

J Tomlinson is reporting for the financial year ending 30th September 2020, providing the financial year ending 30th September 2019 as a comparison.

Measurement Methodology

The company's carbon footprint covers activities for which the company is responsible involving the combustion of gas and consumption of fuel for the purposes of transport, and the purchase of electricity by the company for its own use, including for the purposes of transport. Outputs are reported in kWh and CO2e (Carbon dioxide equivalent), using the most recent available conversions factor from the Department for Business, Energy & Industrial Strategy. We have used data and methodologies required for the government's Energy Savings Opportunity Scheme (ESOS) reporting to calculate the information provided.

	Energy Performance (kWh)		Carbon Performance t/CO2e	
	2020	**2019**	**2020**	**2019**
Gas	126,645	207,855	23	38
Electricity	455,710	498,329	106	116
Transport	8,382,420	8,621,195	2,130	2,191
Total	8,964,775	9,327,379	2,259	2,346

We have used the intensity measure of CO2e emissions per employee as our energy consumption is directly linked to the activities of our employees and offers a good measure of our energy efficiency improvements as the business develops.

	Intensity ratio	
	2020	**2019**
t/CO2e per employee	4.6	4.8

DISCLOSURE IN THE STRATEGIC REPORT

The matters required to be disclosed under SI (2008) 410 Sch 7 relating to financial instruments and research and development are contained within the Group Strategic Report as applicable in accordance with s414C(11) of the Companies Act 2006.

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). 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

ON BEHALF OF THE BOARD:

D K Adams - Secretary

29 June 2021

Report of the Independent Auditors to the Members of J Tomlinson Limited

Opinion
We have audited the financial statements of J Tomlinson Limited (the 'company') for the year ended 30 September 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 September 2020 and of its loss 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.

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.

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 pages seven and eight, 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. 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.

Ian Neal FCA CTA (Senior Statutory Auditor)
for and on behalf of Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

29 June 2021

Profit and Loss Account
for the Year Ended 30 September 2020

	Notes	2020 £'000	2019 £'000
TURNOVER		94,779	131,976
Cost of sales		83,746	118,138
GROSS PROFIT		11,033	13,838
Administrative expenses		13,195	12,584
		(2,162)	1,254
Other operating income		1,421	11
OPERATING (LOSS)/PROFIT	4	(741)	1,265
Interest receivable and similar income		5	6
		(736)	1,271
Interest payable and similar expenses	5	10	7
(LOSS)/PROFIT BEFORE TAXATION		(746)	1,264
Tax on (loss)/profit	6	(265)	147
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(481)	1,117

The notes form part of these financial statements

Balance Sheet
30 September 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Intangible assets	8		2,640		2,503
Tangible assets	9		398		660
Investments	10		15		15
			3,053		3,178
CURRENT ASSETS					
Stocks	11	5,606		3,892	
Debtors	12	22,369		30,369	
Cash at bank		3,977		8,185	
		31,952		42,446	
CREDITORS					
Amounts falling due within one year	13	26,990		38,748	
NET CURRENT ASSETS			4,962		3,698
TOTAL ASSETS LESS CURRENT LIABILITIES			8,015		6,876
CREDITORS					
Amounts falling due after more than one year	14		(1,873)		-
PROVISIONS FOR LIABILITIES	18		-		(253)
NET ASSETS			6,142		6,623
CAPITAL AND RESERVES					
Called up share capital	19		50		50
Retained earnings	20		6,092		6,573
SHAREHOLDERS' FUNDS			6,142		6,623

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2021 and were signed on its behalf by:

D K Adams - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 30 September 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2018	50	5,606	5,656
Changes in equity			
Dividends	-	(150)	(150)
Total comprehensive income	-	1,117	1,117
Balance at 30 September 2019	50	6,573	6,623
Changes in equity			
Total comprehensive income	-	(481)	(481)
Balance at 30 September 2020	50	6,092	6,142

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

J Tomlinson Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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.

The prior year comparatives include a balance sheet reclassification between work in progress, amounts recoverable on contracts, and accruals.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover
Turnover, excluding value added tax, represents:-

With respect to service and maintenance contracts, income is apportioned over the contract term.

With respect to other contracts, small works represent the invoiced value of completed contracts, and major projects the value of work performed during the financial year.

In all cases, turnover is recognised when the company has transferred the significant risks and rewards of ownership to the buyer or when the services are provided, whichever applies, and it is probable that the company will receive the previously agreed upon payment. On certain long term contracts, turnover represents the estimated sales value of the work performed in the year.

Intangible fixed assets
Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation is provided at the following annual rate in order to write off each asset over its estimated useful life:

Assets in the course of construction - 0% on cost

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 15% to 50% on cost
Plant and machinery	- 15% to 50% on cost
Fixtures and fittings	- 15% to 50% on cost
Motor vehicles	- 20% on cost

Assets under sale and leaseback continue to be depreciated over the existing expected useful life.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

Stocks and work in progress
Stocks of materials are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on purchase invoice price on a first in first out basis and includes all associated direct costs.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

At each reporting date, stock is assessed for impairment. If impaired, the carrying amount is reduced and the impairment loss is recognised immediately in profit or loss.

Amounts recoverable on contracts and projects (other than small jobs and unapplied works) are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on the contract. Claims are included in the valuation and credited to the profit and loss account only when entitlement has been established. Contract provisions in excess of amounts recoverable are included within provisions for liabilities and charges.

Small jobs and unapplied works are valued at the lower of cost, as defined above, plus attributable overheads where applicable and net sales value.

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

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

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2. **ACCOUNTING POLICIES - continued**

Research and development
Expenditure on research and development is written off in the year in which it is incurred with the exception of expenditure incurred in respect of the development of major new products where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised straight line over the estimated useful life, commencing in the year that the product is brought into use.

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 the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Assets subject to sale and leaseback are treated in the same manner as existing leased assets.

Pension costs and other post-retirement benefits
The company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

The company also contributes to a contributory industry wide multi-employer defined benefit hybrid retirement scheme for certain operations staff. This provides for full transferability of individual members funds and entitlements between participating employers. Employers and employees contributions are held and managed by trustees entirely independent of the company who have no other interest or involvement in the scheme. As permitted by Financial Reporting Standard 102 this is accounted for as a defined benefit scheme and contributions payable for the period are charged to the profit and loss account as they fall due.

Related parties
The company is a wholly owned subsidiary undertaking of J Tomlinson (Holdings) Limited. The company has taken advantage of the exemption contained within Financial Reporting Standard 102 and has therefore not disclosed transactions with entities which form part of the group, other than as normally disclosed in the notes to the financial statements.

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2. ACCOUNTING POLICIES - continued

Government grants
Revenue grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Capital grants are deferred and recognised over the useful economic lives of the assets affected.

Fixed asset investments
Fixed asset investments are stated at cost less amounts written off.

Judgements in applying accounting policies and key sources of estimation uncertainty
In the application of the company's accounting policies the directors are required to make judgement estimates and assumptions about the carrying amounts of the company's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and where relevant the key sources of estimation uncertainty:

Tangible fixed assets are depreciated over their useful economic lives taking into account their residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

The intangible fixed assets relate to computer software and will be amortised when substantially fully operational. It is probable that future economic benefits attributable to the asset will flow to the company and this is based on managements assessment of future cost savings.

The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost.

The value of stock is assessed for impairment. In re-assessing the stock value, factors such as slow movement and obsolescence are taken into account.

Long term contracts are those extending in excess of 12 months and any of a shorter duration which are material to the activity of the year. Attributable profit is recognised once the outcome of a long term contract can be assessed with reasonable certainty. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	13,144	13,001
Social security costs	1,931	1,771
Other pension costs	515	459
	15,590	15,231

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

	2020	2019
Production and sales	201	206
Office and management	289	285
	490	491

continued...

3. **EMPLOYEES AND DIRECTORS - continued**

	2020	2019
	£	£
Directors' remuneration	509,982	527,103
Directors' pension contributions to money purchase schemes	25,024	26,487

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

Money purchase schemes	4	5

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	244,369	233,496
Pension contributions to money purchase schemes	11,500	10,863

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Rent	156	162
Depreciation - owned assets	319	276
Depreciation - assets on hire purchase contracts or finance leases	-	54
Profit on disposal of fixed assets	-	(23)
Auditors' remuneration	62	34
Auditors' remuneration - non audit	21	21
Vehicles and office equipment hire	1,188	1,067
Research and development	553	789

The remuneration receivable by auditors for non audit work includes accountancy and taxation compliance.

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£'000	£'000
Loan interest	10	3
Hire purchase interest	-	4
	10	7

6. **TAXATION**

Analysis of the tax (credit)/charge
The tax (credit)/charge on the loss for the year was as follows:

	2020	2019
	£'000	£'000
Deferred tax:		
Origination and reversal of timing differences	(265)	147
Tax on (loss)/profit	(265)	147

continued...

6. **TAXATION - continued**

Reconciliation of total tax (credit)/charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
(Loss)/profit before tax	(746)	1,264
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(142)	240
Effects of:		
Expenses not deductible for tax purposes	3	2
Research and development	(137)	(195)
Other permanent differences	11	100
Total tax (credit)/charge	(265)	147

7. **DIVIDENDS**

	2020 £'000	2019 £'000
Interim	-	150

8. **INTANGIBLE FIXED ASSETS**

	Assets in the course of construction £'000
COST	
At 1 October 2019	2,503
Additions	137
At 30 September 2020	2,640
NET BOOK VALUE	
At 30 September 2020	2,640
At 30 September 2019	2,503

continued...

9. **TANGIBLE FIXED ASSETS**

	Improvements to property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1 October 2019	994	147	1,379	105	2,625
Additions	-	34	23	-	57
Disposals	(134)	(129)	(682)	-	(945)
At 30 September 2020	860	52	720	105	1,737
DEPRECIATION					
At 1 October 2019	744	136	1,083	2	1,965
Charge for year	117	15	166	21	319
Eliminated on disposal	(134)	(129)	(682)	-	(945)
At 30 September 2020	727	22	567	23	1,339
NET BOOK VALUE					
At 30 September 2020	133	30	153	82	398
At 30 September 2019	250	11	296	103	660

10. **FIXED ASSET INVESTMENTS**

	Unlisted investments £'000
COST	
At 1 October 2019 and 30 September 2020	15
NET BOOK VALUE	
At 30 September 2020	15
At 30 September 2019	15

11. **STOCKS**

	2020 £'000	2019 £'000
Material stocks	657	650
Work-in-progress	4,949	3,242
	5,606	3,892

continued...

12. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	9,702	10,824
Other debtors	86	19
Amounts recoverable on contracts	11,378	17,364
Deferred taxation	12	-
Prepayments	782	1,162
	21,960	29,369
Amounts falling due after more than one year:		
Trade debtors	409	1,000
Aggregate amounts	22,369	30,369

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans and overdrafts (see note 15)	127	-
Trade creditors	15,851	20,296
Amounts owed to group undertakings	19	19
Social security and other taxes	3,493	1,934
Other creditors	213	247
Directors' current accounts	31	31
Accrued expenses	7,256	16,221
	26,990	38,748

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

	2020 £'000	2019 £'000
Bank loans (see note 15)	1,873	-

15. LOANS

An analysis of the maturity of loans is given below:

	2020 £'000	2019 £'000
Amounts falling due within one year or on demand:		
Bank loans	127	-
Amounts falling due between one and two years:		
Bank loans - 1-2 years	966	-
Amounts falling due between two and five years:		
Bank loans - 2-5 years	907	-

continued...

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £'000	2019 £'000
Within one year	1,086	817
Between one and five years	989	933
	2,075	1,750

17. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £'000	2019 £'000
Bank loans	2,000	-

18. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax		
Accelerated capital allowances	-	253

	Deferred tax £'000
Balance at 1 October 2019	253
Utilised during year	(253)
Balance at 30 September 2020	-

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
50,000	Ordinary	£1	50	50

20. RESERVES

	Retained earnings £'000
At 1 October 2019	6,573
Deficit for the year	(481)
At 30 September 2020	6,092

continued...

21. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company is J Tomlinson (Holdings) Limited.

Copies of the consolidated group accounts can be obtained from the company's registered office.

22. CONTINGENT LIABILITIES

The company has a contingent liability in respect of performance bonds amounting to £2,385,321 (2019: £4,023,783) relating to trading contracts undertaken by the company which have been guaranteed by its insurers with recourse to the company.

23. RELATED PARTY DISCLOSURES

During the year, the company paid rent of £68,000 (2019: £68,000) to another company which is controlled by one of the directors. At the year end, £17,000 (2019: £24,000) was prepaid in respect of this. Included in other creditors is a loan from this company of £Nil (2019: £1,984).

During the year, the company paid management services amounting to £176,475 (2019: £155,496) to a further company which is controlled by one of the directors. Included in other creditors is a balance owing to this company of £62,184 (2019: £19,723). This balance is interest free and repayable upon demand.

During the year, the company paid rent in respect of the property occupied by the company of £28,500 (2019: £28,500) to a pension scheme in which one of the directors is a beneficiary. At the year end, £655 (2019: £709) was prepaid in respect of this.

During the year, the company undertook work under contract for one of the directors with a sales value of £816 (2019: £50). Included within work in progress is a balance of £228,150 (2019: £202,134) and within trade debtors is £2,042 (2019: £1,062).

During the year, the company undertook work under contract for another director and included within work in progress is a balance of £234,880 (2019: £233,049).

24. ULTIMATE CONTROLLING PARTY

D K Adams is the ultimate controlling party of the company.

25. EMPLOYEE BENEFITS

Included in the staff costs note of the notes to the financial statements are payments to the defined contribution pension schemes.

26. PENSION COMMITMENTS

The company participated in the Plumbing and Mechanical Services (UK) Industry Pension Scheme, an industry-wide pension scheme offering career average defined benefits on retirement to employees in the plumbing and mechanical services industry in the United Kingdom. As set out in the Scheme's Report and Financial Statements for the year ended 5 April 2020, there were 33,492 members and 364 employers. The scheme closed to new employers in March 2014 and on 30 June 2019 the Scheme closed to normal contributions whereby all active members became deferred members and employers built up no further liabilities in the Scheme. As such, the company made no contributions in the financial year to 30 September 2020 (2019: £52,247).