REGISTERED NUMBER: 00813790 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2019

for

Lengard Limited

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Lengard Limited

Company Information for the Year Ended 31 December 2019

DIRECTORS:	G P Goddard C S Burr S J Brewster
SECRETARY:	P A Sharp
REGISTERED OFFICE:	Cambridge House Cambridge Road Harlow Essex CM20 2EQ
REGISTERED NUMBER:	00813790 (England and Wales)
AUDITORS:	Hardcastle Burton LLP Lake House Market Hill Royston Hertfordshire SG8 9JN

Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS
The company has closed out a number of poor performing contracts in the year, resulting in losses of £3.2m. The newly secured projects continue to deliver strong performance and will see a return to profitability in the coming financial year.

KEY PERFORMANCE INDICATORS

A summary of results in the last three years is as follows-

	2019	2018	2017
Turnover £'000	£13,549	£17,048	£21,055
Turnover growth	-21%	-19%	74%
Gross profit margin	-12.9%	9.7%	11.5%
Net profit / (loss) before tax £'000	£(3,195)	£(278)	£281

PRINCIPAL RISKS AND UNCERTAINTIES
The commercial risks associated with construction contracts are many and varied, but the new robust pre-tender bid / no bid assessment together with revised procedures in the identification of risks and opportunities seek to mitigate these risks.

Management of financial risk is undertaken through continued monitoring of cash reserves. The overall financial climate is such that cash reserves will continue to be put to the best operating use and accompanied by careful control of working capital, including the monitoring of debtors and client ability to pay, restricting client exposure to blue chip companies, large institutions and public bodies.

Liquidity risk - liquidity risk arises from the company's management of working capital and is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due,. It is the policy to ensure the company will have sufficient cash to allow it to meet its liabilities as they fall due. The directors and management review cash flow and projections on a regular basis.

Credit risk - credit risk is the risk associated with trade debtors and sales retentions. The directors mitigate this risk by ensuring procedures are in place to limit credit facilities to customers based on credit searches and trading history. Trade debtors and sales retentions balances are reviewed on a regular basis.

Interest rate risk - The company's exposure to interest rate risk is currently minimal due to the cash resources within the company.

ON BEHALF OF THE BOARD:

G P Goddard - Director

17 March 2021

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of building contractors.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2019.

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

G P Goddard
C S Burr

Other changes in directors holding office are as follows:

S J Brewster was appointed as a director after 31 December 2019 but prior to the date of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT
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;
- 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, Hardcastle Burton LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G P Goddard - Director

17 March 2021

Report of the Independent Auditors to the Members of Lengard Limited

Opinion
We have audited the financial statements of Lengard Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Balance Sheet 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 31 December 2019 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 Directors' Responsibilities Statement set out on page three, 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.

Denise Lindsell FCA (Senior Statutory Auditor)
for and on behalf of Hardcastle Burton LLP
Lake House
Market Hill
Royston
Hertfordshire
SG8 9JN

17 March 2021

Statement of Income and Retained Earnings
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
TURNOVER	4	13,548,557	17,047,920
Cost of sales		15,291,286	15,401,779
GROSS (LOSS)/PROFIT		(1,742,729)	1,646,141
Administrative expenses		1,458,207	1,928,385
		(3,200,936)	(282,244)
Other operating income		3,028	-
OPERATING LOSS	6	(3,197,908)	(282,244)
Interest receivable and similar income		3,089	4,237
LOSS BEFORE TAXATION		(3,194,819)	(278,007)
Tax on loss	7	-	(58,551)
LOSS FOR THE FINANCIAL YEAR		(3,194,819)	(219,456)
Retained earnings at beginning of year		4,074,863	4,294,319
RETAINED EARNINGS AT END OF YEAR		880,044	4,074,863

The notes form part of these financial statements

Balance Sheet
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	8		52,528		87,989
CURRENT ASSETS					
Stocks	9	284,836		-	
Debtors	10	3,714,272		7,102,545	
Cash at bank and in hand		1,222,768		1,339,812	
		5,221,876		8,442,357	
CREDITORS					
Amounts falling due within one year	11	4,392,360		4,453,483	
NET CURRENT ASSETS			829,516		3,988,874
TOTAL ASSETS LESS CURRENT LIABILITIES			882,044		4,076,863
CAPITAL AND RESERVES					
Called up share capital	14		2,000		2,000
Retained earnings	15		880,044		4,074,863
SHAREHOLDERS' FUNDS			882,044		4,076,863

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2021 and were signed on its behalf by:

G P Goddard - Director

1. STATUTORY INFORMATION

Lengard Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office, that is also the principal place of business, can be found on the Company Information page.

The presentational 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.

On the date of signing these financial statements, there was a world-wide pandemic. Whilst the directors have prepared revised cash flow forecasts, it is currently unknown how long the pandemic will last and the lasting impact that it will have on the trading activity of the company. The directors believe that the company will continue to be profitable and will have adequate cash resources in order to pay all of its creditors as they fall due for the foreseeable future and for at least 12 months from the date of signing of these financial statements.

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.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover
Turnover represents amounts invoiced to customers, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced. Turnover excludes value added tax.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	-	25% on cost and in accordance with the lease term
Plant and machinery	-	25% on reducing balance
Fixtures and fittings	-	33% on cost and 15% on reducing balance
Motor vehicles	-	25% on reducing balance

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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2. **ACCOUNTING POLICIES - continued**

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.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Long term contracts
Profit on contracting activities is taken as work progresses. Unless a more conservative approach is necessary, the percentage margin on each individual contract is the lower of the margin earned to date and that forecast to completion. Full provision is made for contract losses as soon as they are foreseen. Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Joint venture interests
The company entered into a joint venture agreement for the development of residential properties in year ended 31 December 2017. Prior to any sale agreement with a third party, costs plus an attributable amount of overheads are recognised on the balance sheet as joint venture interests. Revenue and profit are recognised only once a sale has been agreed with a third party, when it is probable that the economic benefits associated with the transaction will flow to the company.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements, as prepared in accordance with FRS 102, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) There are no judgements, apart from those involving estimates, that have had a significant effect on the amounts recognised in the financial statements.

b) The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that has the most significant potential impact on the carrying values of assets are liabilities within the next financial year is:

i) Revenue recognition on long term contracts
Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of the work performed to date and to be performed in bringing the contracts to completion, including the satisfaction of maintenance responsibilities. The company has appropriate control procedures to ensure all estimates are determined on a consistent basis and subject to appropriate review and authorisation.

4. **TURNOVER**

All turnover is attributable to the company's principal activity undertaken in the United Kingdom.

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5. **EMPLOYEES AND DIRECTORS**

	31.12.19	31.12.18
	£	£
Wages and salaries	1,560,760	2,268,131
Social security costs	181,732	260,738
Other pension costs	23,845	64,004
	1,766,337	2,592,873

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

	31.12.19	31.12.18
Direct staff	17	19
Administration staff	11	23
Directors	2	2
	30	44

	31.12.19	31.12.18
	£	£
Directors' remuneration	117,109	162,401
Directors' pension contributions to money purchase schemes	-	8,250

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

Money purchase schemes	1	1

6. **OPERATING LOSS**

The operating loss is stated after charging:

	31.12.19	31.12.18
	£	£
Depreciation - owned assets	35,461	26,490
Auditors' remuneration	22,200	19,525
Operating leases - other assets	1,888	-
Operating leases - land & buildings	54,480	54,480

7. **TAXATION**

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	31.12.19	31.12.18
	£	£
Current tax:		
UK corporation tax	-	(58,551)
Tax on loss	-	(58,551)

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

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7. **TAXATION - continued**

Reconciliation of total tax credit 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:

	31.12.19	31.12.18
	£	£
Loss before tax	(3,194,819)	(278,007)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(607,016)	(52,821)
Effects of:		
Expenses not deductible for tax purposes	1,247	-
Income not taxable for tax purposes	-	(5,730)
Depreciation in excess of capital allowances	6,468	-
Losses not utilised	599,301	-
Total tax credit	-	(58,551)

As at 31 December 2019 the company had carried forward tax losses of £3,154,212 (2018 - £Nil).

8. **TANGIBLE FIXED ASSETS**

	Improvements to property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 January 2019 and 31 December 2019	6,593	287	286,182	29,481	322,543
DEPRECIATION					
At 1 January 2019	4,258	-	213,257	17,039	234,554
Charge for year	1,786	287	30,019	3,369	35,461
At 31 December 2019	6,044	287	243,276	20,408	270,015
NET BOOK VALUE					
At 31 December 2019	549	-	42,906	9,073	52,528
At 31 December 2018	2,335	287	72,925	12,442	87,989

9. **STOCKS**

	31.12.19	31.12.18
	£	£
Stocks	284,836	-

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10. DEBTORS

	31.12.19	31.12.18
	£	£
Amounts falling due within one year:		
Trade debtors	737,352	941,015
Retentions receivable	398,154	572,110
Amounts recoverable on long term contracts	1,430,079	3,802,221
Joint venture interests	508,080	1,057,866
Tax	58,551	58,551
Prepayments and accrued income	27,840	34,029
	3,160,056	6,465,792
Amounts falling due after more than one year:		
Retentions receivable	554,216	636,753
Aggregate amounts	3,714,272	7,102,545

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Trade creditors	980,620	2,499,730
Retentions payable	1,043,943	1,091,122
Social security and other taxes	141,654	31,582
Other creditors	1,428,456	309,651
Accrued expenses	797,687	521,398
	4,392,360	4,453,483

12. LEASING AGREEMENTS

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

	31.12.19	31.12.18
	£	£
Within one year	65,808	54,480
Between one and five years	227,360	217,920
In more than five years	68,100	122,580
	361,268	394,980

13. FINANCIAL INSTRUMENTS

Financial instruments are held at amortised cost.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
2,000	Ordinary	£1	2,000	2,000

continued...

15. RESERVES

	Retained earnings £
At 1 January 2019	4,074,863
Deficit for the year	(3,194,819)
At 31 December 2019	880,044

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Total contributions during the year amounted to £23,845 (2018: £64,004).

Total outstanding commitments at the year end are £6,997 comprising employer and employee contributions (2018: £1,500).

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Lengard Holdings Limited, a company incorporated in the United Kingdom. Copies of the group financial statements can be obtained from Companies House.

In the opinion of the directors, the ultimate controlling party is G P Goddard.

18. RELATED PARTY DISCLOSURES

Entities under common ultimate control

	31.12.19 £	31.12.18 £
Sales	40,077	75,337
Amount due to related party	1,308,278	128,618

During the year, a total of key management personnel compensation of £ 117,109 (2018 - £ 170,651) was paid.