

# O'Connor Utilities Limited

Annual Report and Financial Statements

For the year ended 30 April 2020

Company Registration No. 02916906 (England and Wales)

# O'Connor Utilities Limited

## Company Information

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**Directors** T J O'Connor  
T G O'Connor  
L Moran  
M McNulty (Appointed 1 June 2019)  
P Flitcroft (Appointed 1 June 2019)  
D O'Sullivan (Appointed 1 June 2019)

**Secretary** B O'Connor

**Company number** 02916906

**Registered office** Unit 10  
Sandfold Lane  
Levenshulme  
Manchester  
United Kingdom  
M19 3BJ

**Auditor** Moore Kingston Smith LLP  
The Shipping Building  
The Old Vinyl Factory  
Blyth Road  
Hayes  
London  
UB3 1HA

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# O'Connor Utilities Limited

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# O'Connor Utilities Limited

## Strategic Report

For the year ended 30 April 2020

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The directors present the strategic report and financial statements for the year ended 30 April 2020.

### **Fair review of the business**

The directors were pleased with the results for the year and are optimistic about the long-term prospects for continued growth in the company.

### **Principal risks and uncertainties**

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

#### **Business performance risk**

Business performance risk is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate. The risk is managed through a number of measures: authorisation of forward purchases requirements; ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting, in conjunction with an internal compliance function.

#### **Business continuity risk**

While there is a reliance on physical infrastructure, the company operates out of a number of depots which helps the company to minimise the business continuity risk. The company ensures that there is sufficient IT support available should an unforeseen event occur. Management are continually implementing and reviewing business continuity and IT disaster recovery plans to ensure any increase in risk arising from future activities is managed.

#### **Health and safety risk**

The company is committed to ensuring a safe working environment. These risks are managed by the company through strong promotion of health and safety culture and well defined health and safety policies, facilitated by the employment of a health and safety professional.

#### **Liquidity risk**

Available cash headroom is monitored by management on a daily basis and regular discussions take place with the company's bankers as a way of managing the company's liquidity risk. Stock and trade debtor levels are monitored periodically by the board of directors.

#### **Credit risk**

Credit risk arises principally on third party revenues. Company policy is aimed at minimising such risk, and requires that deferred terms are granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the company's exposure to bad debts is not significant.

#### **Price risk**

The company is exposed to materials and associated costs fluctuation price risk on projects.

#### **Management development risk**

Long-term growth of the business depends on the company's ability to retain and attract personnel of high quality. The risk is managed through development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

# O'Connor Utilities Limited

Strategic Report (Continued)

For the year ended 30 April 2020

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## Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the company relies for day-to-day operations, external reporting and for long term planning. The company exercises financial and business control through a combination of qualified and experienced financial personnel; performance analysis; budgeting and cash flow forecasting; and clearly defined approval limits, supported by integrated and proven systems.

## Social, ethical and environmental risk

Due to the company's nature and size no significant social, ethical or environmental risks have been identified by management.

## Covid-19 pandemic risk

The directors have considered the potential impact of the coronavirus, and the various measures taken to contain it, on the operations of the company. They note that the impact on the company's profitability and cash generation since the start of the pandemic has been limited, therefore the directors consider the risks to the company's operations to be limited.

## Future Developments

The company continues to grow at a planned rate and will continue to develop new contracts in the foreseeable future.

## Financial Performance

The directors have determined that the following financial key performance indicators (KPI) are the most effective measure of progress towards achieving the company's objective:

| KPI's             | 2020        | 2019       |
|-------------------|-------------|------------|
|                   | £           | £          |
| Turnover          | 124,549,215 | 96,690,740 |
| Gross Profit      | 19,925,149  | 13,976,194 |
| Profit Before Tax | 9,838,527   | 7,378,373  |

The company has performed well during the year with the gross profit margin remaining steady with a small movement from 14.45% to 16.00% and the net profit margin from 7.63% to 7.90%.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) amounted to £10,625,858 (2019: £8,287,397).

On behalf of the board

**T G O'Connor**

Director

28 January 2021

# O'Connor Utilities Limited

## Directors' Report

For the year ended 30 April 2020

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

### Principal activities

The principal activity of the company continued to be that of cable installation and ancillary services.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

|              |                         |
|--------------|-------------------------|
| T J O'Connor |                         |
| T G O'Connor |                         |
| L Moran      |                         |
| M McNulty    | (Appointed 1 June 2019) |
| P Flitcroft  | (Appointed 1 June 2019) |
| D O'Sullivan | (Appointed 1 June 2019) |

### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and exposure to liquidity, credit and price risk.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

T G O'Connor  
**Director**  
28 January 2021

## O'Connor Utilities Limited

### Directors' Responsibilities Statement

For the year ended 30 April 2020

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The directors are responsible for preparing the annual report 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.

# O'Connor Utilities Limited

## Independent Auditor's Report

To the Members of O'Connor Utilities Limited

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### Opinion

We have audited the financial statements of O'Connor Utilities Limited (the 'company') for the year ended 30 April 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 April 2020 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.

### 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 Auditor's 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 included in the annual report, other than the financial statements and our auditor's report 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.

# O'Connor Utilities Limited

## Independent Auditor's Report (Continued)

To the Members of O'Connor Utilities Limited

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report 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 and the Directors' Report.

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 4, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

### **Auditor's responsibilities for the audit of the financial statements**

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

# O'Connor Utilities Limited

## Independent Auditor's Report (Continued)

To the Members of O'Connor Utilities Limited

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

**Mahmood Ramji (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP

29 January 2021

**Chartered Accountants**  
**Statutory Auditor**

The Shipping Building  
The Old Vinyl Factory  
Blyth Road  
Hayes  
London  
UB3 1HA



# O'Connor Utilities Limited

## Balance Sheet

As at 30 April 2020

|  | Notes | 2020                |                          | 2019                |                          |
|--|-------|---------------------|--------------------------|---------------------|--------------------------|
|  |       | £                   | £                        | £                   | £                        |
| <b>Fixed assets</b>  |       |                     |                          |                     |                          |
| Tangible assets  | 11    |                     | 8,244,910                |                     | 6,341,473                |
| <b>Current assets</b>  |       |                     |                          |                     |                          |
| Stock  | 12    | 19,000              |                          | 19,000              |                          |
| Debtors  | 13    | 44,003,022          |                          | 38,394,739          |                          |
| Cash at bank and in hand                                       |       | 6,909,874           |                          | 3,776,818           |                          |
|  |       | <u>50,931,896</u>   |                          | <u>42,190,557</u>   |                          |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <u>(16,300,948)</u> |                          | <u>(13,102,571)</u> |                          |
| <b>Net current assets</b>                                      |       |                     | <u>34,630,948</u>        |                     | <u>29,087,986</u>        |
| <b>Total assets less current liabilities</b>                   |       |                     | <u>42,875,858</u>        |                     | <u>35,429,459</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 15    |                     | <u>(1,430,420)</u>       |                     | <u>(1,958,984)</u>       |
| <b>Net assets</b>  |       |                     | <u><u>41,445,438</u></u> |                     | <u><u>33,470,475</u></u> |
| <b>Capital and reserves</b>                                    |       |                     |                          |                     |                          |
| Called up share capital  | 19    | 100,000             |                          | 100,000             |                          |
| Profit and loss reserves                                       |       | 41,345,438          |                          | 33,370,475          |                          |
| <b>Total equity</b>  |       |                     | <u><u>41,445,438</u></u> |                     | <u><u>33,470,475</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 28 January 2021 and are signed on its behalf by:

T G O'Connor  
**Director**

**Company Registration No. 02916906**

O'Connor Utilities Limited

Statement of Changes in Equity  
For the year ended 30 April 2020

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|  | <b>Share capital</b> | <b>Profit and loss reserves</b> | <b>Total</b> |
|--|----------------------|---------------------------------|--------------|
|  | <b>£</b>             | <b>£</b>                        | <b>£</b>     |
| <b>Balance at 1 May 2018</b>                       | 100,000              | 27,367,425                      | 27,467,425   |
| <b>Year ended 30 April 2019:</b>                   |                      |                                 |              |
| Profit and total comprehensive income for the year | -                    | 6,003,050                       | 6,003,050    |
| <b>Balance at 30 April 2019</b>                    | 100,000              | 33,370,475                      | 33,470,475   |
| <b>Year ended 30 April 2020:</b>                   |                      |                                 |              |
| Profit and total comprehensive income for the year | -                    | 7,974,963                       | 7,974,963    |
| <b>Balance at 30 April 2020</b>                    | 100,000              | 41,345,438                      | 41,445,438   |

# O'Connor Utilities Limited

## Notes to the Financial Statements

For the year ended 30 April 2020

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### 1 Accounting policies

#### Company information

O'Connor Utilities Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is Unit 10, Sandfold Lane, Levenshulme, Manchester, United Kingdom, M19 3BJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; loan defaults or breaches;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of OCU Limited. These consolidated financial statements are available from its registered office, The Field End Road, Easton, Middlesbrough, HA5 1RH.

#### 1.2 Going concern

The company has been made aware of the generative during the period ended 30 April 2020 and during the period to approval of these financial statements. The company also has a strong balance sheet and cash position. The directors have also considered the impact of the COVID-19 pandemic and related containment measures on the company's activities and whilst the ultimate impact cannot be quantified, the impact on operations to date has not been significant and the directors do not expect it to become significant in the foreseeable future. As a result, the directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

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### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the value of work completed, which is assessed by quantity surveyors and agreed with the customer. At period ends, income is accrued or deferred accordingly. Costs incurred to date are also recognised as incurred and accrued as appropriate to match the recognition of revenue.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |                         |
|-----------------------|-------------------------|
| Land and buildings    | 10% on cost             |
| Short leasehold       | 10% on cost             |
| Plant and machinery   | 25% on reducing balance |
| Fixtures and fittings | 25% on reducing balance |
| Motor vehicles        | 25% on reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Stock

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

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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**1 Accounting policies**

**(Continued)**

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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**1 Accounting policies**

**(Continued)**

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently

~~measured at amortised cost using the effective interest method.~~  
**Derecognition of financial liabilities.** Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.10 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1 Accounting policies**

**(Continued)**

**1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### **Revenue recognition**

Revenue from contracts for the provision of professional services is recognised by reference to the value of work completed, which is assessed by quantity surveyors and agreed with the customer. The value of the work completed is therefore reliant on the judgement of quantity surveyors.

#### **Recoverability of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### **Useful economic life of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment and note 1.4 for the useful economic lives for each class of asset.

### 3 Turnover and other revenue

|   | 2020<br>£          | 2019<br>£         |
|---|--------------------|-------------------|
| <b>Turnover analysed by class of business</b>   |                    |                   |
| Rendering of Services                           | 124,549,215        | 96,690,740        |
|   | <u>124,549,215</u> | <u>96,690,740</u> |
|   |                    |                   |
|   | 2020<br>£          | 2019<br>£         |
| <b>Other significant revenue</b>                |                    |                   |
| Interest income                                 | 101,836            | 11,864            |
|   | <u>101,836</u>     | <u>11,864</u>     |
|   |                    |                   |
|   | 2020<br>£          | 2019<br>£         |
| <b>Turnover analysed by geographical market</b> |                    |                   |
| United Kingdom                                  | 115,696,157        | 96,690,740        |
| Europe  | 8,853,058          | -                 |
|   | <u>124,549,215</u> | <u>96,690,740</u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 4 Operating profit

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Exchange (gains)/losses   | (33,745)          | 636               |
| Depreciation of owned tangible fixed assets                         | 435,027           | 611,364           |
| Depreciation of tangible fixed assets held under finance leases     | 309,732           | 234,865           |
| Profit on disposal of tangible fixed assets                         | (4,865)           | (414,252)         |
| Operating lease charges   | 36,600            | 36,600            |
|   | <u>          </u> | <u>          </u> |

### 5 Auditor's remuneration

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| Fees payable to the company's auditor and associates: |                   |                   |
| <b>For audit services</b>                             |                   |                   |
| Audit of the financial statements of the company      | 35,000            | 27,500            |
|   | <u>          </u> | <u>          </u> |
| <b>For other services</b>                             |                   |                   |
| All other non-audit services                          | 4,135             | 3,000             |
|   | <u>          </u> | <u>          </u> |

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                      | <b>2020</b>       | <b>2019</b>       |
|----------------------|-------------------|-------------------|
|                      | <b>Number</b>     | <b>Number</b>     |
| Directors            | 6                 | 3                 |
| Management and staff | 129               | 109               |
|                      | <u>          </u> | <u>          </u> |
|                      | 135               | 112               |
|                      | <u>          </u> | <u>          </u> |

Their aggregate remuneration comprised:

|                       | <b>2020</b>       | <b>2019</b>       |
|-----------------------|-------------------|-------------------|
|                       | <b>£</b>          | <b>£</b>          |
| Wages and salaries    | 4,201,316         | 3,181,627         |
| Social security costs | 434,211           | 334,442           |
| Pension costs         | 126,574           | 75,051            |
|                       | <u>          </u> | <u>          </u> |
|                       | 4,762,101         | 3,591,120         |
|                       | <u>          </u> | <u>          </u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 7 Directors' remuneration

|   | 2020<br>£      | 2019<br>£     |
|---|----------------|---------------|
| Remuneration for qualifying services                          | 561,711        | 69,540        |
| Company pension contributions to defined contribution schemes | 22,816         | 1,146         |
|   | <u>584,527</u> | <u>70,686</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

|   | 2020<br>£      |
|---|----------------|
| Remuneration for qualifying services                          | 166,667        |
| Company pension contributions to defined contribution schemes | 400            |
|   | <u>167,067</u> |

### 8 Interest receivable and similar income

|                           | 2020<br>£      | 2019<br>£     |
|---------------------------|----------------|---------------|
| <b>Interest income</b>    |                |               |
| Interest on bank deposits | 101,836        | 11,864        |
|                           | <u>101,836</u> | <u>11,864</u> |

### 9 Interest payable and similar expenses

|  | 2020<br>£      | 2019<br>£     |
|--|----------------|---------------|
| Interest on bank overdrafts and loans                  | 34,723         | 36,801        |
| Interest on finance leases and hire purchase contracts | 34,188         | 28,082        |
| Other interest   | 75,497         | 9,776         |
|  | <u>144,408</u> | <u>74,659</u> |

### 10 Taxation

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| <b>Current tax</b>                                   |                  |                  |
| UK corporation tax on profits for the current period | 1,863,564        | 1,375,323        |
|  | <u>1,863,564</u> | <u>1,375,323</u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Profit before taxation  | 9,838,527 | 7,378,373 |
| <i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i> | 1,869,320 | 1,401,891 |
| Tax effect of expenses that are not deductible in determining taxable profit                                | 34,197    | 11,325    |
| Group relief  | (71,136)  | -         |
| Depreciation in excess of capital allowances  | 32,107    | 40,815    |
| Taxation charge for the year  | 1,863,564 | 1,375,323 |

# O'Connor Utilities Limited

Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

## 11 Tangible fixed assets

|                                    | Land and<br>buildings<br>£ | Short<br>leasehold<br>£ | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------|-------------------------|-----------------------------|-------------------------------|------------------------|------------|
| <b>Cost</b>                        |                            |                         |                             |                               |                        |            |
| At 1 May 2019                      | 3,724,207                  | 118,690                 | 6,112,146                   | 400,543                       | 84,960                 | 10,440,546 |
| Additions                          | 2,304,500                  | -                       | 358,231                     | -                             | -                      | 2,662,731  |
| Disposals                          | -                          | -                       | (80,000)                    | -                             | -                      | (80,000)   |
| At 30 April 2020                   | 6,028,707                  | 118,690                 | 6,390,377                   | 400,543                       | 84,960                 | 13,023,277 |
| <b>Depreciation and impairment</b> |                            |                         |                             |                               |                        |            |
| At 1 May 2019                      | 55,650                     | 118,690                 | 3,585,931                   | 305,691                       | 33,111                 | 4,099,073  |
| Depreciation charged in the year   | 57,000                     | -                       | 651,083                     | 23,713                        | 12,963                 | 744,759    |
| Eliminated in respect of disposals | -                          | -                       | (65,465)                    | -                             | -                      | (65,465)   |
| At 30 April 2020                   | 112,650                    | 118,690                 | 4,171,549                   | 329,404                       | 46,074                 | 4,778,367  |
| <b>Carrying amount</b>             |                            |                         |                             |                               |                        |            |
| At 30 April 2020                   | 5,916,057                  | -                       | 2,218,828                   | 71,139                        | 38,886                 | 8,244,910  |
| At 30 April 2019                   | 3,668,557                  | -                       | 2,526,215                   | 94,852                        | 51,849                 | 6,341,473  |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|  | 2020           | 2019             |
|--|----------------|------------------|
|  | £              | £                |
| Plant and machinery  | 684,708        | 1,557,946        |
| Fixtures and fittings  | -              | 81,512           |
|  | <u>684,708</u> | <u>1,639,458</u> |
| Depreciation charge for the year in respect of leased assets | <u>309,732</u> | <u>234,865</u>   |

### 12 Stock

|        | 2020          | 2019          |
|--------|---------------|---------------|
|        | £             | £             |
| Stocks | <u>19,000</u> | <u>19,000</u> |

### 13 Debtors

|   | 2020              | 2019              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| <b>Amounts falling due within one year:</b> |                   |                   |
| Trade debtors                               | 14,602,300        | 11,336,128        |
| Amounts due from group undertakings         | 8,008,206         | 6,341,667         |
| Other debtors                               | 4,174,995         | 94,495            |
| Prepayments and accrued income              | 17,217,521        | 20,622,449        |
|   | <u>44,003,022</u> | <u>38,394,739</u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 14 Creditors: amounts falling due within one year

|                                    | Notes | 2020<br>£         | 2019<br>£         |
|------------------------------------|-------|-------------------|-------------------|
| Bank loans and overdrafts          | 16    | 162,535           | 156,735           |
| Obligations under finance leases   | 17    | 363,953           | 566,309           |
| Trade creditors                    |       | 8,233,102         | 7,931,131         |
| Amounts due to group undertakings  |       | 645,842           | -                 |
| Corporation tax                    |       | 844,946           | 587,273           |
| Other taxation and social security |       | 882,813           | 553,832           |
| Other creditors                    |       | 1,502,912         | 1,028,011         |
| Accruals and deferred income       |       | 3,664,845         | 2,279,280         |
|                                    |       | <u>16,300,948</u> | <u>13,102,571</u> |

There are first legal charges over the former Stocks Blocks site at Pontefract Road, Stourton.

In addition, there is a debenture over the business assets and an unlimited cross guarantee between O'Connor Utilities Limited and fellow subsidiary Instalcom Limited.

OCU Group Limited has provided a guarantee on behalf of O'Connor Utilities Limited, limited to £1,762,500 (2019: £1,762,500).

### 15 Creditors: amounts falling due after more than one year

|                                  | Notes | 2020<br>£        | 2019<br>£        |
|----------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts        | 16    | 1,187,785        | 1,352,397        |
| Obligations under finance leases | 17    | 242,635          | 606,587          |
|                                  |       | <u>1,430,420</u> | <u>1,958,984</u> |

### 16 Loans and overdrafts

|                         | 2020<br>£        | 2019<br>£        |
|-------------------------|------------------|------------------|
| Bank loans              | <u>1,350,320</u> | <u>1,509,132</u> |
| Payable within one year | 162,535          | 156,735          |
| Payable after one year  | <u>1,187,785</u> | <u>1,352,397</u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

### 17 Finance lease obligations

|   | 2020           | 2019             |
|---|----------------|------------------|
|   | £              | £                |
| Future minimum lease payments due under finance leases: |                |                  |
| Within one year   | 363,953        | 566,309          |
| In two to five years                                    | 242,635        | 606,587          |
|   | <u>606,588</u> | <u>1,172,896</u> |

### 18 Retirement benefit schemes

|   | 2020           | 2019          |
|---|----------------|---------------|
|   | £              | £             |
| <b>Defined contribution schemes</b>                                 |                |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>126,574</u> | <u>75,051</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | £              | £              |
| <b>Ordinary share capital<br/>Issued and fully paid</b> |                |                |
| 100,000 Ordinary shares of £1 each                      | <u>100,000</u> | <u>100,000</u> |
|   | <u>100,000</u> | <u>100,000</u> |

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2020           | 2019           |
|----------------------------|----------------|----------------|
|                            | £              | £              |
| Within one year            | 36,600         | 36,600         |
| Between two and five years | 143,350        | 146,400        |
| In over five years         | -              | 33,550         |
|                            | <u>179,950</u> | <u>216,550</u> |

# O'Connor Utilities Limited

## Notes to the Financial Statements (Continued)

For the year ended 30 April 2020

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### 21 Related party transactions

The company has taken advantage of the exemption available under FRS 102 whereby it has not disclosed transactions with the parent company or any wholly owned subsidiary undertakings of the group.

During the year the company paid rent to a partnership between the directors T G O'Connor and T J O'Connor of £72,000 (2019: £72,000). At the year end £43,200 (2019: £nil) included within trade creditors is owed to the partnership.

O'Connor Concrete Limited is a company in which the directors T G O'Connor and T J O'Connor, are shareholders and directors. During the year the company made purchases of £85,596 (2019: £47,513) from O'Connor Concrete Limited and recharged costs of £460,000 (2019: £945,500) to O'Connor Concrete Limited. At the year end, £nil (2019: £570,000) included in trade debtors and £460,000 (2019: £470,000) included in accrued income is due from O'Connor Concrete Limited and £33,958 (2019: £8,306) included in trade creditors is owed to O'Connor Concrete Limited.

During the year the company paid rent of £125,000 (2019: £125,000) to O'Connor Utilities Limited Retirement Benefits Scheme, the pension fund of T G O'Connor and T J O'Connor.

At the year end, £2,434,928, included in other debtors, is jointly owed to the company by the directors T G O'Connor and T J O'Connor (2019: £5,193 included in other creditors, due to the directors). The maximum amount owed to the company by the directors during the year was £2,434,928. During the year, the sum total of the loans made to the company by the directors was £nil (2019: £1,366,357) and the sum total of repayments made to the directors was £2,440,121 (2019: £840,000).

At the year end, £nil (2019: £300,000) included in trade debtors is due from T J O'Connor. Income of £690,000 (2019: £925,000) in respect of services provided by the company to T J O'Connor is included in accrued income at the year end. Transactions relate to work performed on properties held by the director.

### 22 Controlling party

O'Connor Utilities Limited is a wholly owned subsidiary of OCU Group Limited, a company incorporated and registered in England and Wales.

OCU Group Limited is the smallest and largest group to consolidate these financial statements. Consolidated accounts for OCU Group Limited and its subsidiaries are publically available from 164 Field End Road, Eastcote, Middlesex HA5 1RH.

