

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

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

O'Connor Utilities Limited

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O'Connor Utilities Limited

Strategic Report

For the year ended 30 April 2020

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

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

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

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

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

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

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

Statement of Comprehensive Income

For the year ended 30 April 2020

	Notes	2020 £	2019 £
Turnover	3	124,549,215	96,690,740
Cost of sales		(104,624,066)	(82,714,546)
		<u> </u>	<u> </u>
Gross profit		19,925,149	13,976,194
Administrative expenses		(10,044,050)	(6,535,026)
		<u> </u>	<u> </u>
Operating profit	4	9,881,099	7,441,168
Interest receivable and similar income	8	101,836	11,864
Interest payable and similar expenses	9	(144,408)	(74,659)
		<u> </u>	<u> </u>
Profit before taxation		9,838,527	7,378,373
Taxation	10	(1,863,564)	(1,375,323)
		<u> </u>	<u> </u>
Profit for the financial year		<u> </u> <u> </u>	<u> </u> <u> </u>

O'Connor Utilities Limited

Balance Sheet

As at 30 April 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		8,244,910		6,341,473
Current assets					
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>	
Creditors: amounts falling due within one year	14	<u>(16,300,948)</u>		<u>(13,102,571)</u>	
Net current assets			<u>34,630,948</u>		<u>29,087,986</u>
Total assets less current liabilities			<u>42,875,858</u>		<u>35,429,459</u>
Creditors: amounts falling due after more than one year	15		<u>(1,430,420)</u>		<u>(1,958,984)</u>
Net assets			<u><u>41,445,438</u></u>		<u><u>33,470,475</u></u>
Capital and reserves					
Called up share capital	19	100,000		100,000	
Profit and loss reserves		41,345,438		33,370,475	
Total equity			<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

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

O'Connor Utilities Limited

Notes to the Financial Statements

For the year ended 30 April 2020

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 EM 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

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.

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.

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.

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 £	2019 £
Turnover analysed by class of business		
Rendering of Services	124,549,215	96,690,740
	<u>124,549,215</u>	<u>96,690,740</u>
	2020 £	2019 £
Other significant revenue		
Interest income	101,836	11,864
	<u>101,836</u>	<u>11,864</u>
	2020 £	2019 £
Turnover analysed by geographical market		
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

	2020	2019
	£	£
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

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	35,000	27,500
	<u> </u>	<u> </u>
For other services		
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:

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

Their aggregate remuneration comprised:

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

9 Interest payable and similar expenses

	2020 £	2019 £
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 £	2019 £
Current tax		
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 £	2019 £
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
Tax effect of income not taxable in determining taxable profit	(924)	(78,708)
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 buildings £	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
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
Depreciation and impairment						
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
Carrying amount						
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
	£	£
Amounts falling due within one year:		
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 £	2019 £
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 £	2019 £
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 £	2019 £
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
	£	£
Defined contribution schemes		
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
	£	£
Ordinary share capital Issued and fully paid		
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

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.

