

Company Registration No. 06725032 (England and Wales)

THE CABLING GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THE CABLING GROUP LIMITED

COMPANY INFORMATION

Directors	G Elms G Smith
Company number	06725032
Registered office	Devonshire House 1 Devonshire Street London United Kingdom W1W 5DR
Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Business address	5 Lloyds Avenue London EC3N 3AE

THE CABLING GROUP LIMITED

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THE CABLING GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company has generated revenue during the year of £14,088,849 (2020: £13,824,296) and a profit before tax of £1,420,472 (2020: £97,948). At the end of the year the company had a strong net asset position of £2,472,532 (2020: £1,366,495) with cash in the bank of £1,241,260 (2020: £1,937,187).

The Cabling Group primarily offer design, integration, support, and maintenance of structured cabling systems. The development of technology, particularly within commercial office space, and the ever-increasing reliance on our client networks has seen opportunity and investment within the smart buildings space.

Audio Visual, Digital Antenna Systems, space optimisation, networking, WIFI, digital signage, wayfinding and private mobile radio solutions are all services we now deploy on behalf of our customers.

Principal risks and uncertainties

The directors consider the results for the year, and the financial position at the year end, to be satisfactory and they expect the company to remain profitable in the foreseeable future.

The company is committed to reviewing risks to its business on an ongoing basis including the potential effects of market and industry changes. The directors are responsible for this review and have implemented a number of controls to mitigate potential risks to the company. The principal risks and uncertainties facing the company are identified as follows:

Market risk

The company's services and profitability may be affected by a future economic downturn that results in reductions in spending in the wider construction industry.

The directors are aware of this risk, particularly with the current ever changing financial climate, however they endeavor to mitigate this risk by maintaining a diverse client portfolio and focusing on building long lasting client relationships. The directors believe that the company is as well placed as it can be to combat future changes to spending within the construction industry.

Dependence on key technical personnel

The future success of the company will be driven by its key technical personnel in providing services to its wider client base. Therefore, the directors consider a principal risk to be the loss of its key personnel and the retention of these individuals is an important objective of the company through having competitive remuneration policies.

Liquidity risk

The directors manage liquidity risk by ensuring that the company has sufficient cash resources to meet liabilities as they fall due without causing any undue financial strain on the business. In order to achieve this, the directors monitor the company's cash position on a regular basis to ensure that the company maintains adequate working capital.

Credit risk

The company's directors consider the primary credit risk to arise from the non-payment of fees due, as well as the potential default of material debtors or the failure of the company's bank that holds its cash balances on deposit. The directors attempt to minimise this risk by monitoring its cash flow of fees due and the directors considers the risk of default to be low. Cash deposits are held at a major international banking group with substantial strength, therefore not exposing the company to material credit risk exposure.

Key performance indicators

The directors use a range of key performance indicators to measure and monitor its business on an ongoing basis.

The primary key performance indicator used by the directors is gross profit margin. During the year, the company achieved a gross profit of £3,537,899 with a gross profit of 25.1% (2020: £1,600,224 and 11.6%).

THE CABLING GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future growth and plans

2021 was undoubtedly a year of rebounding from the uncertainty and disruption of COVID19 and those difficult months demonstrated the resilience of our industry, our business, and the value of our collective team.

Moving forward, technology is providing more opportunities than ever, as clients have started to return to the office, they now need to commit to longer term real estate plans and strategies.

2022 and beyond will not only see people return to their offices, it will see them return to new offices that offer different, but more diverse ways also to work.

Office spaces, moving forward, will be hosted by technology, designed around technology, and inspired by technology. We have become a trusted partner to guide our clients through the integration of their systems to facilitate this change.

Although we are continuing to grow our market share within commercial fitout, our investment into core basebuild technical services will continue to see a more diverse and robust business model.

Each year sees our end user service and support offering grow, we count some of the biggest corporates in the world as our customers and have established valued relationships.

In summary, 2022 will see continued growth for our traditional business with the strongest pipeline we have ever secured to date. This, coupled with continued smart building system deployment, will see a strong opportunity for investment and for the advancement of the business.

On behalf of the board

G Elms
Director

5 August 2022

THE CABLING GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be the design, integration, support, and maintenance of structured cabling systems.

Results and dividends

The results for the year are set out on page 7.

Directors

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

G Elms
G Smith

Auditor

Citroen Wells were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

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.

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

G Elms
Director
5 August 2022

THE CABLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CABLING GROUP LIMITED

Opinion

We have audited the financial statements of The Cabling Group Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the statement of financial position, the statement of cash flows and notes to the financial statements, including 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 31 December 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

THE CABLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE CABLING GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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, 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.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the United Kingdom and health and safety legislation.
- We understood how the company is complying with those frameworks by making enquiries of management and seeking representations from those charged with governance. We corroborated our understanding by reviewing supporting documentation including board meeting minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of internal control and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested completeness of income through substantive tests performed, analytical review procedures and cut off tests on the revenue recognised.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of board meeting minutes.
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

THE CABLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE CABLING GROUP LIMITED

For construction companies, there are judgements in assessing the contract revenues, stage of completion, final expected margins and assessment of loss- making contracts. We therefore consider this to be a higher risk area for fraud due to the potential for management bias.

To respond to the above potential risk of fraud, our audit procedures included:

- Assessing the relevant controls over the revenue invoicing and work in progress calculations for contract customers.
- Reviewing a sample of the client's on-going contracts to ensure the stage of completion method methodology had been correctly applied.
- Re-performing the key calculations behind the profit margins or loss provisions applied.
- Assessing and challenging the most significant contract positions and the judgements adopted by management to recognise revenue, costs and the profits or losses.
- Evaluating the financial performance of contracts against future and past estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The year ended 31 December 2021 is the first year that the company is required to prepare audited financial statements, as it did not require a statutory audit previously. Accordingly, the comparative figures have not been audited.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kim Youle FCA (Senior Statutory Auditor)
For and on behalf of Citroen Wells

8 August 2022

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

THE CABLING GROUP LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	Unaudited £
Revenue	3	14,088,849	13,824,296
Cost of sales		(10,550,950)	(12,224,072)
Gross profit		<u>3,537,899</u>	<u>1,600,224</u>
Administrative expenses		(2,226,488)	(1,802,215)
Other operating income		65,547	295,249
Operating profit	4	<u>1,376,958</u>	<u>93,258</u>
Investment income	7	-	14,846
Finance costs	8	(27,609)	(10,156)
Profit before taxation		<u>1,349,349</u>	<u>97,948</u>
Tax on profit	9	(290,312)	(37,000)
Profit for the financial year		<u>1,059,037</u>	<u>60,948</u>
Retained earnings brought forward		<u>1,366,395</u>	<u>1,305,447</u>
Retained earnings carried forward		<u><u>2,425,432</u></u>	<u><u>1,366,395</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

THE CABLING GROUP LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021		2020 Unaudited	
	Notes	£	£	£	£
Fixed assets					
Property, plant and equipment	10		365,804		406,731
Current assets					
Inventories	11	52,589		52,589	
Trade and other receivables	13	4,137,760		3,351,800	
Cash and cash equivalents		1,241,260		1,937,187	
		5,431,609		5,341,576	
Current liabilities	14	(2,899,759)		(3,698,496)	
Net current assets			2,531,850		1,643,080
Total assets less current liabilities			2,897,654		2,049,811
Non-current liabilities	15		(442,322)		(642,316)
Provisions for liabilities			(29,800)		(41,000)
Net assets			2,425,532		1,366,495
Equity					
Called up share capital	21		100		100
Retained earnings			2,425,432		1,366,395
Total equity			2,425,532		1,366,495

The financial statements were approved by the board of directors and authorised for issue on 5 August 2022 and are signed on its behalf by:

G Elms
Director
Company Registration No. 06725032

G Smith
Director

THE CABLING GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(448,443)		718,556
Interest paid			(27,609)		(10,156)
Income taxes paid			-		(169,000)
Net cash (outflow)/inflow from operating activities			(476,052)		539,400
Investing activities					
Purchase of property, plant and equipment		(90,404)		(190,430)	
Proceeds on disposal of property, plant and equipment		30,219		22,970	
Interest received		-		3,715	
Net cash used in investing activities			(60,185)		(163,745)
Financing activities					
Proceeds of new bank loans		-		500,000	
Repayment of bank loans		(55,536)		-	
Payment of finance leases obligations		(104,154)		(89,951)	
Net cash (used in)/generated from financing activities			(159,690)		410,049
Net (decrease)/increase in cash and cash equivalents			(695,927)		785,704
Cash and cash equivalents at beginning of year			1,937,187		1,151,483
Cash and cash equivalents at end of year			1,241,260		1,937,187

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

The Cabling Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Devonshire House, 1 Devonshire Street, London, United Kingdom, W1W 5DR. The main place of business is 5 Lloyds Avenue, London, EC3N 3AE.

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

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

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Construction contracts

Revenue from construction contracts includes amounts initially agreed in the contract plus any variations in contract work to the extent that it is probable that the variation will result in revenue that can be reliably measured.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date. Normally the reference to the amount of work performed is carried out by a third party surveyor and a valuation certificate is received. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense in the income statement, once such losses are foreseen.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred and contract revenue is recognised to the extent of the contract costs incurred, where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount of profit to recognise in a given period. The stage of completion is measured by the proportion of contract revenue completed to date, which is certified by a third party surveyor, as a percentage of the estimated total revenue for the project.

As is standard industry practice, included within revenue are retentions that cannot be invoiced until project completion. The retained amounts are based upon a pre-agreed percentage. The unbillable amounts are recognised as the work is performed and included in debtors. Where completion is not expected within 12 months of the balance sheet date, these amounts are recorded within debtors falling due after one year.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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:

Plant and equipment	15% straight line
Fixtures and fittings	15% straight line
Computers	15% straight line
Motor vehicles	25% straight line

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 the income statement.

1.5 Impairment of non-current 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include deposits held at call with banks.

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position 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.

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 payables 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 payables 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 transaction 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.

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

When R&D tax credits are claimed, they reduce the tax liability in the year they are approved by HMRC. The credits are calculated by a third party specialist.

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.

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 income statement, 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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss 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 the income statement 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 leases asset are consumed.

1.14 Government grants

Government grants is in respect of the Coronavirus Job Retention Scheme ("CJRS"), which was introduced by the government as a temporary scheme designed to contribute to certain employee related costs. The CJRS grant is recognised under the accrual model, and is recognised as income on a straight line basis over the period in which the company recognises the related costs for which the grant is intended to compensate. Amounts received during the year, as recognised in other operating income, amounted to £52,951 (2020: £218,917).

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions in currencies other than pound 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 in the period are included in the income statement.

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.

During this year and the prior year the directors did not consider there to be any significant accounting estimates or judgements that were considered to be uncertain.

3 Revenue

	2021 £	2020 £
Revenue analysed by class of business		
Income from construction contracts	14,089,773	13,824,296
	<u>14,089,773</u>	<u>13,824,296</u>
	2021 £	2020 £
Revenue analysed by geographical market		
United Kingdom	14,089,773	13,824,296
	<u>14,089,773</u>	<u>13,824,296</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(52,951)	(218,917)
Fees payable to the company's auditor for the audit of the company's financial statements	14,500	-
Depreciation of owned property, plant and equipment	115,263	88,964
(Profit)/loss on disposal of property, plant and equipment	(14,151)	1,912
Operating lease charges	101,050	105,070
	<u>101,050</u>	<u>105,070</u>

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons employed by the company during the year was:

	2021 Number	2020 Number
Direct project staff	28	26
Administrative and support staff	21	21
Total	49	47

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,538,316	2,348,439
Social security costs	300,998	265,361
Pension costs	38,263	35,216
	2,877,577	2,649,016

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	281,319	258,084
Company pension contributions to defined contribution schemes	2,638	2,627
	283,957	260,711

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

	2021 £	2020 £
Remuneration for qualifying services	152,569	142,855
Company pension contributions to defined contribution schemes	1,319	1,314

7 Investment income

	2021 £	2020 £
Interest income		
Other interest income	-	14,846

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Finance costs

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	18,370	3,715
Other finance costs:		
Interest on finance leases and hire purchase contracts	9,239	6,441
	<u>27,609</u>	<u>10,156</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	301,512	45,000
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	(11,200)	(8,000)
	<u></u>	<u></u>
Total tax charge	<u>290,312</u>	<u>37,000</u>

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:

	2021 £	2020 £
Profit before taxation	<u>1,349,349</u>	<u>97,948</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	256,376	18,610
Tax effect of expenses that are not deductible in determining taxable profit	45,136	18,390
Effect of change in corporation tax rate	7,145	-
Deferred tax adjustments in respect of prior years	<u>(18,345)</u>	<u>-</u>
Taxation charge for the year	<u>290,312</u>	<u>37,000</u>

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Property, plant and equipment

	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 January 2021	122,455	38,921	119,844	438,738	719,958
Additions	-	2,430	4,435	83,539	90,404
Disposals	-	-	-	(28,565)	(28,565)
At 31 December 2021	122,455	41,351	124,279	493,712	781,797
Depreciation and impairment					
At 1 January 2021	57,750	11,071	82,076	162,330	313,227
Depreciation charged in the year	14,153	6,068	8,191	86,851	115,263
Eliminated in respect of disposals	-	-	-	(12,497)	(12,497)
At 31 December 2021	71,903	17,139	90,267	236,684	415,993
Carrying amount					
At 31 December 2021	50,552	24,212	34,012	257,028	365,804
At 31 December 2020	64,705	27,850	37,768	276,408	406,731

11 Inventories

	2021 £	2020 £
Raw materials and consumables	52,589	52,589

12 Construction contracts

	2021 £	2020 £
Contracts in progress at the reporting date		
Gross amounts owed by contract customers included in debtors	1,566,664	1,455,120
Gross amounts owed to contract customers included in creditors	-	-

The contract assets, which are included within amounts owed by contract customers, primarily relate to the company's right to consideration for construction work completed but not invoiced at the balance sheet date.

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Trade receivables	1,422,268	1,449,015
Gross amounts owed by contract customers	1,566,664	1,455,120
Other receivables	624,184	40,913
Prepayments and accrued income	308,281	406,752
	<u>3,921,397</u>	<u>3,351,800</u>
Amounts falling due after more than one year:		
Gross amounts owed by contract customers	<u>216,363</u>	<u>-</u>
Total debtors	<u>4,137,760</u>	<u>3,351,800</u>

14 Current liabilities

	Notes	2021 £	2020 £
Bank loans	16	100,000	23,227
Obligations under finance leases	17	133,795	83,617
Trade payables		1,747,783	2,003,729
Corporation tax		346,512	45,000
Other taxation and social security		108,603	378,437
Other payables		39,050	4,912
Accruals and deferred income		424,016	1,159,574
		<u>2,899,759</u>	<u>3,698,496</u>

Barclays Bank PLC holds fixed and floating charges over the assets of the company.

15 Non-current liabilities

	Notes	2021 £	2020 £
Bank loans and overdrafts	16	333,333	465,642
Obligations under finance leases	17	108,989	176,674
		<u>442,322</u>	<u>642,316</u>

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Borrowings

	2021 £	2020 £
Bank loans	433,333	488,869
Payable within one year	100,000	23,227
Payable after one year	333,333	465,642

Barclays Bank PLC holds fixed and floating charges over the assets of the company for £400,000. Interest is a floating rate with the base margin at 3.06%. The loan is being over a five year period ending in 2025.

17 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	129,990	83,617
In two to five years	112,794	176,674
	242,784	260,291

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	27,500	40,441
Retirement benefit obligations	2,300	559
	29,800	41,000
Movements in the year:		2021 £
Liability at 1 January 2021		41,000
Credit to profit or loss		(11,200)
Liability at 31 December 2021		29,800

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Deferred taxation

(Continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Government grants

Coronavirus Job Retention Scheme ("CJRS")

The CJRS grant is recognised in other operating income and amounts to £52,951 (2020: £218,917).

Coronavirus Business Interruption Loan ("CIBL")

During 2020, the company drew down a CIBL facility of £500,000. The company is being charged interest and will be repaid over a five year period. See note 16 for further detail.

The accrual model has been adopted in recognition of the grant. No unfulfilled conditions and other contingencies are attached to the grant and the entity does not benefit directly from other forms of government assistance.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,263	35,216

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.

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

22 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:

	2021 £	2020 £
Within one year	69,993	69,993
Between two and five years	69,993	134,153
	139,986	204,146

23 Events after the reporting date

During April 2022, dividends totaling £524,000 were declared and paid to the Company's shareholders.

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Related party transactions

A minority shareholder of the company provided consultancy services to the company of £4,070 (2020: £3,980). There were no balances outstanding at the end of the current or prior year in relation to these services.

During the year the company had the following transactions with an entity under common control:

i) The company charged the entity management fees of £12,596 (2020: £76,332). At the year end, £52,000 was included in accruals (2020: £nil).

ii) The company generated revenue from this entity of £263,146 (2020: £309,969). At the year end, £175,975 was outstanding in relation to this revenue (2020: £112,545).

iii) The company purchased goods from this entity of £608,065 (2020: £638,906). At the year end, £17,256 was outstanding in relation to these purchases (2020: £15,122).

25 Directors' transactions

As at the year end, a director owed the company £513,000 (2020: £18,000). This amount is interest free and repayable on demand. Subsequent to the year end, the director has repaid this balance in full.

26 Ultimate controlling party

The ultimate controlling party is G Elms.

27 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	1,059,037	60,948
Adjustments for:		
Taxation charged	290,312	37,000
Finance costs	27,609	10,156
Investment income	-	(14,846)
(Gain)/loss on disposal of property, plant and equipment	(14,151)	1,912
Depreciation and impairment of property, plant and equipment	115,263	88,964
Movements in working capital:		
Increase in inventories	-	(21,210)
Increase in trade and other receivables	(785,960)	(127,473)
(Decrease)/increase in trade and other payables	(1,140,553)	683,105
Cash (absorbed by)/generated from operations	(448,443)	718,556

THE CABLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	1,937,187	(695,927)	1,241,260
Borrowings excluding overdrafts	(488,869)	55,536	(433,333)
Obligations under finance leases	(260,291)	17,507	(242,784)
	<u>1,188,027</u>	<u>(622,884)</u>	<u>565,143</u>

