Company Registration No. 626146 (England and Wales)

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

COMPANY INFORMATION

Directors	Mr C D Carefoot Mr C W C Carefoot Mr A R Cross
Company number	626146
Registered office	Blackpool Road Longridge Preston Lancashire PR3 3AL
Auditor	Bishops 1 Croft Court Plumpton Close Whitehills Business Park Blackpool Lancashire FY4 5PR

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

CONTENTS

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Strategy and business model
Walter Carefoot and Sons (Construction) Limited is a construction main contractor and property rental company.

The rental property is wholly owned and managed in house to keep cost down and maximise financial returns. The company's strategy is to develop strong relationships with clients in education, health, commercial, leisure and ecclesiastical markets in both public and private sectors. The company's understanding of projects' needs and a collaborative policy of openness for sharing technical and commercial knowledge has meant local authorities and governments-led initiatives has led to contracts for over 70% of the company's turnover.

Business review
Turnover has increased slightly from 21.46 million in 2018/19 to 22.53 million in 2019/20
Profit shown has increased considerably in 2019/20 from the loss in 2018/19. It was stated in last year's report that due to a number of contracts nearing completion which value against cost cannot be confirmed due to the timing of year end so caution has been applied as to not overstate results, it appears the board took an over cautious view but again a degree caution has also been included in 2019/20 so not to overstate the results.
The cash position has also significantly improved for 2019/20

Principal risk and uncertainties
The directors have identified the following principal risks and uncertainties affecting the company:-

Covid-19
With Covid-19 only impacting the UK late in the last quarter it has not influenced the 2019/20 results but could have an impact during 2020/21. The impact is hard to predict with accuracy as this is a unique situation we find ourselves in. The board is continually monitoring the variables and appears to be negating any impact thus far. The construction sites are all working as efficiently as possible within the social distancing guidelines and staff are working from home wherever possible.

Market risk
The construction industry is still currently experiencing a skills shortage and labour supply shortages due to the current housing boom but this may change due to Covid-19 and the predicted house slow down. Carefoot's are also mitigating these risks by upskilling staff and increased recruitment of trainees and also working ever more closely with key supply chain partners to ensure continuity of work to enable them to train and retain more of their own operatives.

Legislative and regulatory risk
The ongoing uncertainty around Brexit and Covid-19 may have an adverse effect on the eastern Europe labour market with net migration slowing down. With the risk mitigation strategy as above this risk should be manageable.

Action of competitors
A number of our competitors still appear to be chasing turnover for cash flow and tendering projects at less than cost which is keeping the market value at very low margins which is not sustainable in the long term. Our client review over the last couple of years was aimed to negate this risk.

Analysis based on Key Performance Indicators
The company monitors its performance using a number of measures. These include:-
- Client satisfaction: 95%
- No defects at handover: 93%
- Delivery to budget: 91%
- Delivery to time: 91%

The Directors consider that these Key Performance Indicators show that with the process and procedures carried out by the highly skilled workforce, and the successful reassessment of ISO14001, OHSAS 18001, ISO9001 and Investors in People GOLD standard the company is making progress.

On behalf of the board

Mr C W C Carefoot
Director
25 September 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of building and civil engineering contractors.

Directors

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

Mr C D Carefoot
Mr C W C Carefoot
Mr A R Cross

Results and dividends

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

Ordinary dividends were paid amounting to £499,931. The directors do not recommend payment of a final dividend.

Auditor

The auditors, Bishops, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Mr C W C Carefoot
Director

25 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

Opinion

We have audited the financial statements of Walter Carefoot & Sons (Construction) Limited (the 'company') for the year ended 31 March 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, 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 31 March 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.

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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

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.

David Evans BA FCA (Senior Statutory Auditor)
for and on behalf of Bishops

12 October 2020

Chartered Accountants
Statutory Auditor

1 Croft Court
Plumpton Close
Whitehills Business Park
Blackpool
Lancashire
FY4 5PR

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	**3**	22,542,482	21,463,849
Cost of sales		(21,138,327)	(21,186,693)
Gross profit		1,404,155	277,156
Administrative expenses		(962,592)	(777,176)
Other operating income		224,857	256,275
Operating profit/(loss)	**4**	666,420	(243,745)
Interest receivable and similar income		-	1,476
Amounts written off investments	**7**	24,258	-
Profit/(loss) before taxation		690,678	(242,269)
Tax on profit/(loss)	**8**	(151,953)	41,906
Profit/(loss) for the financial year		538,725	(200,363)

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

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	**£**
Profit/(loss) for the year	538,725	(200,363)
Other comprehensive income	-	-
Total comprehensive income for the year	538,725	(200,363)

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	**10**		1,939,358		1,946,539
Investment properties	**11**		4,812,224		5,034,145
			6,751,582		6,980,684
Current assets					
Stocks	**12**	10,387		13,845	
Debtors	**14**	3,918,243		4,315,524	
Cash at bank and in hand		230,735		2,035	
		4,159,365		4,331,404	
Creditors: amounts falling due within one year	**15**	(3,714,782)		(4,185,278)	
Net current assets			444,583		146,126
Total assets less current liabilities			7,196,165		7,126,810
Provisions for liabilities	**17**		(279,809)		(249,278)
Net assets			6,916,356		6,877,532
Capital and reserves					
Called up share capital	**20**		20,958		20,928
Revaluation reserve			1,332,502		1,332,502
Capital redemption reserve			3,072		3,072
Profit and loss reserves			5,559,824		5,521,030
Total equity			6,916,356		6,877,532

The financial statements were approved by the board of directors and authorised for issue on 25 September 2020 and are signed on its behalf by:

Mr C D Carefoot
Director

Mr C W C Carefoot
Director

Mr A R Cross
Director

Company Registration No. 626146

WALTER CAREFOOT & SONS (CONSTRUCTION) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 April 2018		20,928	1,332,502	3,072	6,160,467	7,516,969
Year ended 31 March 2019:						
Loss and total comprehensive income for the year		-	-	-	(200,363)	(200,363)
Dividends	**9**	-	-	-	(439,074)	(439,074)
Balance at 31 March 2019		20,928	1,332,502	3,072	5,521,030	6,877,532
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	538,725	538,725
Issue of share capital	**20**	30	-	-	-	30
Dividends	**9**	-	-	-	(499,931)	(499,931)
Balance at 31 March 2020		20,958	1,332,502	3,072	5,559,824	6,916,356

1 Accounting policies

Company information
Walter Carefoot & Sons (Construction) Limited is a private company limited by shares incorporated in England and Wales. The registered office is , Blackpool Road, Longridge, Preston, Lancashire, PR3 3AL.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. 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; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Carefoot PLC. These consolidated financial statements are available from its registered office, Blackpool Road, Longridge, Preston, PR3 3AL.

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 Accounting policies **(Continued)**

1.3 Turnover

In respect of long-term contracts and contract for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Property rental income represents the value of all rental income during the year. Such income is recognised at the point at which the company has fulfilled its contractual obligations to its tenants.

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:

Freehold land and buildings	2% on cost
Motor vehicles	25% 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 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 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 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks 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 stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

1.8 Construction contracts

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 activity at the reporting end date. 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 turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The “percentage of completion method” is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1 Accounting policies **(Continued)**

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 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 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.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

1 Accounting policies **(Continued)**

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company’s contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 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 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.

1 Accounting policies **(Continued)**

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 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.

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investment property
Investment properties are stated at fair value based on the valuation performed by the directors, using their extensive experience in the location and category of the property valued. The directors used observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset.

Construction contracts
Construction contracts are valued by reference to the stage of completion at the reporting date. Calculating the amounts recoverable on contracts and the corresponding cost accrual requires judgements to be made to estimate the stage of completion. The valuations are performed by Quantity Surveyors at the reporting date for all contracts which are ongoing at that date.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Construction contracts	22,542,482	21,463,849

	2020	2019
	£	£
Other significant revenue		
Interest income	-	1,476
Grants received	8,198	3,366
Rental income arising from investment properties	216,659	252,909

4 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):	2020 £	2019 £
Government grants	(8,198)	(3,366)
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	3,500
Depreciation of owned tangible fixed assets	7,181	7,911
Profit on disposal of tangible fixed assets	-	(2,017)
Loss on disposal of investment property	3,271	-

5 Employees

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

	2020 Number	2019 Number
Management and administration	44	38
Site operations	17	14
Total	61	52

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,165,951	2,051,728
Social security costs	222,717	222,980
Pension costs	72,821	67,374
	2,461,489	2,342,082

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	64,295	26,391
Company pension contributions to defined contribution schemes	10,787	10,787
	75,082	37,178

7 Amounts written off investments

fixed asset investments	2020	2019
	£	£
Changes in the fair value of investment properties	24,258	-

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	126,417	(47,722)
Adjustments in respect of prior periods	(4,995)	-
Total current tax	121,422	(47,722)
Deferred tax		
Origination and reversal of timing differences	1,204	5,816
Changes in tax rates	29,327	-
Total deferred tax	30,531	5,816
Total tax charge/(credit)	151,953	(41,906)

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

	2020	2019
	£	£
Profit/(loss) before taxation	690,678	(242,269)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	131,229	(46,031)
Effect of change in corporation tax rate	29,327	(114)
Depreciation on assets not qualifying for tax allowances	380	-
Effect of revaluations of investments	(4,609)	-
Under/(over) provided in prior years	(4,995)	-
Disposal of fixed asset	621	-
	-	4,239
Taxation charge/(credit) for the year	151,953	(41,906)

9 Dividends

	2020	2019
	£	£
Interim paid	499,931	439,074

10 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2019 and 31 March 2020	1,931,812	66,466	1,998,278
Depreciation and impairment			
At 1 April 2019	6,000	45,739	51,739
Depreciation charged in the year	2,000	5,181	7,181
At 31 March 2020	8,000	50,920	58,920
Carrying amount			
At 31 March 2020	1,923,812	15,546	1,939,358
At 31 March 2019	1,925,812	20,727	1,946,539

At 1 April 2014, the date of transition, the land and buildings had a fair value of £1,931,812. The company has taken the exemption to use fair value of the property at the date of transition as deemed cost under FRS102 Section 35.10(c).

11 Investment property

	2020
	£
Fair value	
At 1 April 2019	5,034,145
Disposals	(246,179)
Net gains or losses through fair value adjustments	24,258
At 31 March 2020	4,812,224

12 Stocks

	2020	2019
	£	£
Stocks	10,387	13,845

13 Construction contracts

	2020	2019
	£	£
Contract revenues recognised		
Contract costs incurred plus recognised profits less recognised losses to date	22,542,483	21,458,560

At 31 March 2020, retentions held by customers for contract work amounted to £849,688 (2019 - £1,106,862).

Advances received from customers for contract work amounted to £400,793 (2019 - £75,770).

14 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	3,179,106	3,509,429
Corporation tax recoverable	-	47,718
Amounts owed by group undertakings	176,275	-
Other debtors	525,230	715,482
Prepayments and accrued income	37,632	42,895
	3,918,243	4,315,524

15 Creditors: amounts falling due within one year

		2020	2019
	Notes	£	£
Bank loans and overdrafts	**16**	-	210,901
Payments received on account		400,793	75,770
Trade creditors		2,857,508	3,678,639
Amounts owed to group undertakings		-	46,373
Corporation tax		126,417	-
Other taxation and social security		237,023	80,657
Other creditors		60,850	65,671
Accruals and deferred income		32,191	27,267
		3,714,782	4,185,278

16 Loans and overdrafts

	2020	2019
	£	£
Bank overdrafts	-	210,901
Payable within one year	-	210,901

17 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	**18**	279,809	249,278

18 Deferred taxation

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

Balances:	Liabilities 2020 £	Liabilities 2019 £
Accelerated capital allowances	5,899	4,201
Freehold property	187,204	167,498
Investment property	86,706	77,579
	279,809	249,278

Movements in the year:	2020 £
Liability at 1 April 2019	249,278
Charge to profit or loss	1,204
Effect of change in tax rate - profit or loss	29,327
Liability at 31 March 2020	279,809

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 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	72,821	67,374

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.

20 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
20,928 Ordinary of £1 each	20,928	20,928
10 (2019: 0) Ordinary A of £1 each	10	-
10 (2019: 0) Ordinary C of £1 each	10	-
10 (2019: 0) Ordinary D of £1 each	10	-
	20,958	20,928

21 Ultimate controlling party

The ultimate parent company is Carefoot plc, a company incorporated in England and Wales.

The ultimate controlling party of this company are Mr C D Carefoot and Mr C W C Carefoot and their close families, they exercise control by virtue of their holding of the issued share capital of the ultimate parent company, Carefoot plc.