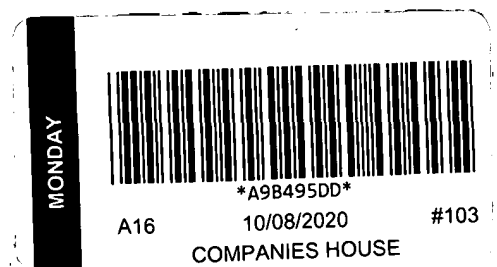


Company Registration No. 01481063 (England and Wales)

**DERRY BUILDING SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2019**



# DERRY BUILDING SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M G Townsend G Matthews R B Hughes
<b>Secretary</b>	M A Mucklestone
<b>Company number</b>	01481063
<b>Registered office</b>	The Old Hospital London Road Newark Nottinghamshire NG24 1JP
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS

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# **DERRY BUILDING SERVICES LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

The main activity of the company is unchanged and is principally that of mechanical services engineering and electrical contractors.

The directors are pleased to report 2019 has been another successful year for the company with turnover recorded in the year being £57.1m (2018: £72.0m) and the resultant net profit before tax being £3.13m (2018: £3.13m).

The statement of financial position further strengthened in the year with net assets of £15.9m being recorded at year end (2018: £14.4m), a 10.4% increase on the previous year.

The company continues to maintain a healthy cash at bank figure, with a balance of £23.2m being recorded at year end (2018: £24.9m).

Apprenticeships and training continue to be a major part of the success of the business, with 12 apprentices having been employed in 2019 and a total of 34 employees being enrolled on College / University courses during the year.

We maintain an excellent level of Health & Safety and have achieved ROSPA gold medal status for a 16th consecutive year, retaining the Order of Distinction as a result.

The continual focus within the business of delivering total client satisfaction has enabled it to maintain and build relationships with existing clients, whilst at the same time strengthening the client base.

#### **Future developments**

Although the impact of Covid-19 has yet to be fully ascertained, the company has had a good start to the new financial year and so the directors remain confident that the business is in a good position to achieve the targets as set for year ending 31 August 2020.

#### **Principal risks and uncertainties and financial instruments**

##### **Financial**

The company's principal financial instruments comprise the operational bank accounts, bank overdrafts, cash and short-term deposits. The main purpose of these financial instruments is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. The directors consider the company's exposure to credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and the profit or loss of the company.

##### **Human resource**

The company recognises a key component to its success and to enable it to meet the challenges that it faces is the ability to attract, retain and develop the best people it can. The company has an excellent history in retaining its employees and will strive to continue to do this by ensuring staff development and training is encouraged at all levels by creating a work culture and environment that enables this to flourish. The average monthly number of persons directly employed during 2019 was 240 (2018: 244), with low levels of staff turnover being recorded.

##### **Supply chain**

An important facet of the business is the company's supply chain for products and materials. The company has long standing and synergistic relationships with its key suppliers. Our procurement department works closely with all suppliers to ensure we achieve the best quality and price whilst minimising risk by ensuring that we are not over reliant on any upon any particular supplier. Recognising the importance of the supply chain, the company continues to hold an annual supply chain awards, with awards being issued for Quality, Health and Safety, Best Sub-Contractor and Best Supplier.

# DERRY BUILDING SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Principal risks and uncertainties and financial instruments (continued)

#### Health and safety

The health and safety of all employees and customers is of vital importance to the company. The company has in place processes and procedures that it believes will mitigate health and safety risks. These policies and procedures are regularly reviewed to ensure all are up to date and meet the needs of all concerned.

#### Covid-19

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first quarter of 2020, there has naturally been an impact to the operation of the company subsequent to the year under review. Whilst it is too early to understand the full implications of the Covid-19 pandemic, we have implemented plans aimed at protecting the interests of the company, our customers and wider stakeholders whilst prioritising the need to keep our workplaces as safe as possible for our people, supply chain partners and clients. The Board have implemented a number of actions to ensure that the company can meet this priority, including implementing the relevant national government sector guidance for construction and manufacturing facilities and offices. Whilst Covid-19 does create some uncertainty for the remainder of the financial year, the Board believe that the actions we have taken will mitigate this and we are confident that the company has sufficient working capital to maintain operations.

By order of the board



M A Mucklestone  
Secretary

9 July 2020

# DERRY BUILDING SERVICES LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The directors present their annual report and financial statements for the year ended 31 August 2019.

#### Principal activities

The principal activity of the company continued to be that of mechanical services engineering and electrical contracts.

#### Directors

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

M G Townsend

S G Burley

(Resigned 8 April 2019)

G Matthews

R B Hughes

#### Results and dividends

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

Ordinary interim dividends were paid during the year amounting to £1,065,000 (2018: £1,165,000). The directors do not recommend payment of a final dividend.

#### Post reporting date events

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first quarter of 2020, there has naturally been an impact to the operation of the company subsequent to the year under review. Information concerning the risks and uncertainties facing the company can be found in the Strategic Report.

#### Auditor

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

#### 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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and has done so in respect of a review of its principal risks, financial risk management, future developments and a review of its business.

By order of the board



M A Mucklestone  
Secretary

9 July 2020

# **DERRY BUILDING SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors are responsible for preparing the Strategic Report and the Directors' 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY BUILDING SERVICES LIMITED**

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### **Opinion**

We have audited the financial statements of Derry Building Services Limited (the 'company') for the year ended 31 August 2019 which comprise the statement of income and retained earnings, the statement of financial position 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 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY BUILDING SERVICES LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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.

### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Daniel Varley (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
7th Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS  
28 July 2020



## DERRY BUILDING SERVICES LIMITED


### STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2018 £
Turnover	3	57,122,801	71,994,700
Cost of sales		(49,002,330)	(63,788,111)
<b>Gross profit</b>		<b>8,120,471</b>	<b>8,206,589</b>
Administrative expenses		(5,190,486)	(5,181,074)
Other operating income		117,897	53,100
<b>Operating profit</b>	6	<b>3,047,882</b>	<b>3,078,615</b>
Interest receivable and similar income	8	80,658	49,158
<b>Profit before taxation</b>		<b>3,128,540</b>	<b>3,127,773</b>
Tax on profit	9	(593,151)	(592,181)
<b>Profit for the financial year</b>		<b>2,535,389</b>	<b>2,535,592</b>
Retained earnings brought forward		14,443,641	13,073,049
Dividends	10	(1,065,000)	(1,165,000)
<b>Retained earnings carried forward</b>		<b>15,914,030</b>	<b>14,443,641</b>

**DERRY BUILDING SERVICES LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		2,637		6,843
Tangible assets	12		109,540		137,578
			<u>112,177</u>		<u>144,421</u>
<b>Current assets</b>					
Debtors	13	11,769,798		11,281,707	
Cash at bank and in hand		23,191,481		24,918,922	
		<u>34,961,279</u>		<u>36,200,629</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(19,149,426)</u>		<u>(21,891,409)</u>	
<b>Net current assets</b>			<u>15,811,853</u>		<u>14,309,220</u>
<b>Total assets less current liabilities</b>			<u>15,924,030</u>		<u>14,453,641</u>
<b>Capital and reserves</b>					
Called up share capital	17		10,000		10,000
Profit and loss reserves	18		15,914,030		14,443,641
<b>Total equity</b>			<u>15,924,030</u>		<u>14,453,641</u>

The financial statements were approved by the board of directors and authorised for issue on 9 July 2020 and are signed on its behalf by:



M G Townsend  
Director

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### Company information

Derry Building Services Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is The Old Hospital, London Road, Newark, Nottinghamshire, NG24 1JP.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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, including the provisions of the Large and Medium-Sized Companies and Group (Accounts and Reports) Regulations 2008.

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. The principal accounting policies adopted are set out below.

#### Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & 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; and
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bowmer and Kirkland Limited. The consolidated financial statements of Bowmer and Kirkland Limited are available from the registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

#### 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. Whilst Covid-19 does create some uncertainty for the remainder of the financial year, the directors have updated forecasts and believe that the actions taken by the company will mitigate this and are confident that the company has sufficient working capital to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### Turnover

##### *Construction contracts*

The recognition of turnover from construction contracts is set out in the accounting policy below.

Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value of the asset can be measured reliably.

Amortisation 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:

Software	3 years straight line
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#### Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Leasehold improvements	10-25 years straight line
Plant and equipment	1-5 years 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 profit or loss.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

##### **Impairment of fixed assets (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.

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.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments 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.

##### **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 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 trade and other debtors, gross amounts owed by contract customers, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Impairment of financial assets**

Financial assets 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.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

##### ***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 creditors, gross amounts owed to contract customers and amounts due to group undertakings, 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.

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

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of 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.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

##### **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.

##### **Retirement benefits**

The company participates in a multi-employer defined benefit scheme, but contributions are recognised in profit or loss in the period to which they relate as there is insufficient information available to use defined benefit accounting.

The company also participates in the group defined contribution scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **Construction contracts**

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The company uses the "percentage of completion method" 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.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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.

##### **Construction contracts**

In determining the revenue and costs to be recognised each year for work done on construction contracts, estimates are made in relation to the final out-turn on each contract. On major construction contracts, it is assessed, based on past experience, that their outcome cannot be estimated reliably during the early stages of the contract, but that costs incurred will be recoverable. Once the outcome can be estimated reliably, estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. Management continually review the estimated final out-turn on contracts and make adjustments where necessary.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Impairment of debtors**

Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and the historical experience. The carrying amount of trade debtors at the year end was £1,412,255.

#### 3 Turnover

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Construction contracts	57,122,801	71,994,700
	<u>57,122,801</u>	<u>71,994,700</u>
<b>Turnover analysed by geographical market</b>		
	2019	2018
	£	£
United Kingdom	57,122,801	71,994,700
	<u>57,122,801</u>	<u>71,994,700</u>



# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 4 Employees

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

	2019 Number	2018 Number
Management and administration	149	153
Operatives	91	91
	<u>240</u>	<u>244</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	11,604,008	11,376,150
Social security costs	1,053,644	1,092,558
Pension costs	672,156	606,934
	<u>13,329,808</u>	<u>13,075,642</u>

#### 5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>749,740</u>	<u>801,865</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2018 - 4).

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

	2019 £	2018 £
Remuneration for qualifying services	399,955	371,263
Accrued pension at the end of the year	<u>40,869</u>	<u>37,857</u>

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>6 Operating profit</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	77,765	93,259
Amortisation of intangible assets	4,206	9,784
Operating lease charges	591,954	784,718
	<u>          </u>	<u>          </u>
<b>7 Auditor's remuneration</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	15,192	14,748
	<u>          </u>	<u>          </u>
Fees payable to the company's auditor for other services have not been disclosed as the relevant information is given in the accounts of Bowmer and Kirkland Limited, the ultimate parent company.		
<b>8 Interest receivable and similar income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	80,658	49,141
Other interest income	-	17
	<u>          </u>	<u>          </u>
Total income.	80,658	49,158
	<u>          </u>	<u>          </u>
<b>9 Taxation</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	597,919	599,206
Adjustments in respect of prior periods	(4,177)	(4,304)
	<u>          </u>	<u>          </u>
Total current tax	593,742	594,902
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(591)	(2,721)
	<u>          </u>	<u>          </u>
Total tax charge	593,151	592,181
	<u>          </u>	<u>          </u>

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	3,128,540	3,127,773
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	594,423	594,277
Tax effect of expenses that are not deductible in determining taxable profit	2,836	1,888
Adjustments in respect of prior years	(4,177)	(4,304)
Change in UK tax rates	69	320
Taxation charge for the year	593,151	592,181

#### Factors that may affect future tax charge

Legislation to reduce the main rate of corporation tax rate from 19% to 17% from 1 April 2020 has been substantively enacted before the period end. The deferred tax balances within these financial statements have been reassessed to reflect these rate reductions and the period in which any related timing differences are expected to reverse.

#### 10 Dividends

	2019 £	2018 £
Interim paid	1,065,000	1,165,000

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 11 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 September 2018 and 31 August 2019	44,032
<b>Amortisation and impairment</b>	
At 1 September 2018	37,189
Amortisation charged for the year	4,206
At 31 August 2019	41,395
<b>Carrying amount</b>	
At 31 August 2019	2,637
At 31 August 2018	6,843

The amortisation charge for the year is recognised within administrative expenses.

#### 12 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Total £
<b>Cost</b>			
At 1 September 2018	21,107	1,979,939	2,001,046
Additions	-	49,727	49,727
At 31 August 2019	21,107	2,029,666	2,050,773
<b>Depreciation and impairment</b>			
At 1 September 2018	21,107	1,842,361	1,863,468
Depreciation charged in the year	-	77,765	77,765
At 31 August 2019	21,107	1,920,126	1,941,233
<b>Carrying amount</b>			
At 31 August 2019	-	109,540	109,540
At 31 August 2018	-	137,578	137,578

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Debtors

	2019	2018
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,281,332	2,152,344
Gross amounts owed by contract customers	7,906,093	6,243,938
Amounts owed by group undertakings	2,125,322	2,137,707
Other debtors	2,245	2,261
Prepayments and accrued income	227,610	239,118
	<u>11,542,602</u>	<u>10,775,368</u>
Deferred tax asset (note 15)	59,453	58,862
	<u>11,602,055</u>	<u>10,834,230</u>
	2019	2018
	£	£
<b>Amounts falling due after more than one year:</b>		
Trade debtors	130,923	305,719
Amounts owed by group undertakings	36,820	141,758
	<u>167,743</u>	<u>447,477</u>
<b>Total debtors</b>	<u>11,769,798</u>	<u>11,281,707</u>

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

	2019	2018
	£	£
Gross amounts owed to contract customers	6,696,849	6,808,431
Trade creditors	6,682,867	7,529,716
Amounts due to group undertakings	4,034,830	4,736,216
Corporation tax	597,919	599,206
Other taxation and social security	293,917	842,900
Accruals and deferred income	843,044	1,374,940
	<u>19,149,426</u>	<u>21,891,409</u>

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
<b>Balances:</b>		
Short term timing differences	13,425	11,863
Decelerated capital allowances	46,028	46,999
	<u>59,453</u>	<u>58,862</u>
		<b>2019</b>
<b>Movements in the year:</b>		<b>£</b>
Asset at 1 September 2018		(58,862)
Credit to profit or loss		(591)
		<u>(59,453)</u>
Asset at 31 August 2019		<u>(59,453)</u>

The deferred tax asset set out above relates to short term timing differences which are expected to reverse within 12 months, and decelerated capital allowances which will reverse over the life of the assets to which they relate.

#### 16 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	464,908	339,948
	<u>464,908</u>	<u>339,948</u>

##### Defined benefit schemes

Certain employees of the company are members of a multi-employer retirement benefit scheme, being the Bowmer & Kirkland Limited Life Assurance Scheme. There is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan. The plan surplus at 31 August 2019 was £56,844,000 (2018: £42,617,000). The only specified obligation of the company with respect to the retirement benefit scheme is to make the required contributions. Contributions to the plan in the year were £207,248 (2018: £266,986).

No contributions were outstanding or prepaid at the year end.

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Share capital

	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 Ordinary shares of £1 each	10,000	10,000

#### *Ordinary share rights*

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 18 Profit and loss reserves

#### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

### 19 Financial commitments, guarantees and contingent liabilities

The group operates a pooled facility with its bankers. Although the group had a net cash balance of £447,353,067 (2018: £408,638,629) at 31 August 2019, certain subsidiaries had overdrafts amounting to £98,080,914 (2018: £123,545,789) at that date.

Unlimited multilateral bank guarantees have been given by Bowmer & Kirkland Limited, and certain other subsidiary companies, including this company, to secure these overdrafts.

At 31 August 2019, the company have given guarantees amounting to £Nil (2018: £367,786) in respect of contract related performance bonds arising in the normal course of business of the company.

### 20 Operating lease commitments

#### **Lessee**

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

	2019	2018
	£	£
Within one year	61,526	61,526
Between one and five years	171,677	232,269
	<u>233,203</u>	<u>293,795</u>

# DERRY BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 21 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales	
	2019	2018
	£	£
Other related parties	11,524	7,148
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due from related parties		
Other related parties	1,665	-
	<u>          </u>	<u>          </u>

Other related parties are companies with common shareholders. Sales of goods to related parties were made under the company's normal terms.

### 22 Events after the reporting date

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first quarter of 2020, there has naturally been an impact to the operation of the company subsequent to the year under review. The directors have determined that this event is a non-adjusting subsequent event, and do not consider there to be a material financial effect as a result of Covid-19.

### 23 Parent company and controlling party

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited, a company registered in England and Wales.

Bowmer and Kirkland Limited is the immediate parent, and is the smallest and largest company for which consolidated accounts including Derry Building Services Limited are prepared. The consolidated accounts of Bowmer and Kirkland Limited are available from its registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

The directors consider the ultimate controlling party to be the Kirkland Family Trusts.