

SEH (Asphalt) Limited

Unaudited Report and Financial Statements

Year Ended

31 December 2018

Company Number 02707607



SEH (Asphalt) Limited

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SEH (Asphalt) Limited

Chartered accountants' report to the board of directors on the preparation of the unaudited financial statements of SEH (Asphalt) Limited for the year ended 31 December 2018

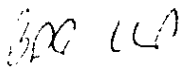
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of SEH (Asphalt) Limited for the year ended 31 December 2018 which comprise the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practicing member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the board of directors of SEH (Asphalt) Limited, as a body, in accordance with the terms of our engagement letter dated 20 February 2018. Our work has been undertaken solely to prepare for your approval the accounts of SEH (Asphalt) Limited and state those matters that we have agreed to state to the board of directors of SEH (Asphalt) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than SEH (Asphalt) Limited and its board of directors as a body for our work or for this report.

It is your duty to ensure that SEH (Asphalt) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of SEH (Asphalt) Limited. You consider that SEH (Asphalt) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of SEH (Asphalt) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.


BDO LLP
Chartered Accountants
Ipswich
United Kingdom

21st June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SEH (Asphalt) Limited
Registered number: 02707607

Statement of financial position
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	4		407,661		378,404
Current assets					
Stocks	5	5,621		4,642	
Debtors: amounts falling due after more than one year	6	121,920		255,689	
Debtors: amounts falling due within one year	6	1,414,194		1,119,616	
Cash at bank and in hand		1,489,488		1,267,011	
		<u>3,031,223</u>		<u>2,646,958</u>	
Creditors: amounts falling due within one year	7	<u>(1,499,122)</u>		<u>(1,183,678)</u>	
Net current assets			<u>1,532,101</u>		<u>1,463,280</u>
Total assets less current liabilities			<u>1,939,762</u>		<u>1,841,684</u>
Creditors: amounts falling due after more than one year	8		-		(7,084)
Provisions for liabilities					
Deferred tax	9		(6,723)		(5,660)
Net assets			<u><u>1,933,039</u></u>		<u><u>1,828,940</u></u>

SEH (Asphalt) Limited

Registered number: 02707607

Statement of financial position (continued) As at 31 December 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	10	62,505	62,505
Share premium account	11	4,227	4,227
Profit and loss account	11	1,866,307	1,762,208
		<u>1,933,039</u>	<u>1,828,940</u>

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
R W Neall
Director

Date: 10 June 2019

The notes on pages 5 to 14 form part of these financial statements.

SEH (Asphalt) Limited

Statement of changes in equity For the year ended 31 December 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	62,505	4,227	1,762,208	1,828,940
Comprehensive income for the year				
Profit for the year	-	-	404,099	404,099
Total comprehensive income for the year	-	-	404,099	404,099
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(300,000)	(300,000)
Total transactions with owners	-	-	(300,000)	(300,000)
At 31 December 2018	62,505	4,227	1,866,307	1,933,039

Statement of changes in equity For the year ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	62,505	4,227	1,659,878	1,726,610
Comprehensive income for the year				
Profit for the year	-	-	402,330	402,330
Total comprehensive income for the year	-	-	402,330	402,330
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(300,000)	(300,000)
Total transactions with owners	-	-	(300,000)	(300,000)
At 31 December 2017	62,505	4,227	1,762,208	1,828,940

The notes on pages 5 to 14 form part of these financial statements.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

1. General information

SEH (Asphalt) Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 30 White House Road, Ipswich, Suffolk, IP1 5LT and the nature of the company's operations and its principal activity is that of surfacing contractors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The entity is a private company limited by shares.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of One Group Construction Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Turnover

Turnover consists of income derived from short term and long term contracts on a variety of differing commercial projects. Invoices for short term contracts are raised as the work progresses and turnover is realised accordingly. Turnover for long term contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous periods. The amounts of profit attributable to the stage of completion of a long term contract is recognised when the outcome can be foreseen with reasonable certainty. Provision is made for any losses which are foreseen. Applications for stage payments are issued on a monthly basis and are net of value added tax, where appropriate, and trade discounts.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.4 Tangible assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% - 10% straight line
Plant & machinery	- 12.5% - 20% reducing balance
Motor vehicles	- 25% reducing balance
Furniture, fittings and equipment	- 20% reducing balance

2.5 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.6 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2.7 Long-term contracts

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments received from clients. Payments received from clients in excess of the turnover recognised are included within payments on account in creditors. Amounts included within work in progress represent costs incurred on contracts in their initial stages as at the year end for which no application for payment has been made.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.12 Pensions

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Employees

The average monthly number of employees, including the directors, during the year was 17 (2017 - 18).

4. Tangible assets

	Freehold property £	Plant & machinery etc. £	Total £
Cost or valuation			
At 1 January 2018	56,217	589,841	646,058
Additions	-	151,950	151,950
Disposals	-	(145,728)	(145,728)
At 31 December 2018	56,217	596,063	652,280
Depreciation			
At 1 January 2018	9,675	257,979	267,654
Charge for the year	450	63,817	64,267
Disposals	-	(87,302)	(87,302)
At 31 December 2018	10,125	234,494	244,619
Net book value			
At 31 December 2018	46,092	361,569	407,661
At 31 December 2017	46,542	331,862	378,404

The net book value of plant and machinery for the company includes an amount of £123,971 (2017 - £179,815) in respect of assets held under finance lease and hire purchase contracts.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

5. Stocks

	2018 £	2017 £
Raw materials and consumables	5,621	4,642

Stock recognised in cost of sales during the year as an expense was £3,064,975 (2017 - £3,444,276).

6. Debtors

	2018 £	2017 £
Due after more than one year		
Trade debtors	121,920	255,689
	2018 £	2017 £
Due within one year		
Trade debtors	419,011	83,621
Amounts owed by group undertakings	98,871	79,595
Other debtors	10,265	5,532
Amounts recoverable on long term contracts	886,047	950,868
	1,414,194	1,119,616

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	944,303	606,178
Amounts owed to group undertakings	254,148	252,403
Corporation tax	82,454	85,593
Taxation and social security	18,001	26,107
Obligations under finance lease and hire purchase contracts	7,083	28,333
Other creditors	193,133	185,064
	1,499,122	1,183,678

The finance lease and hire purchase creditors of £7,083 (2017 - £28,333) are secured on the net assets to which they relate.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

8. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	-	7,084

The finance lease and hire purchase creditors of £Nil (2017 - £7,084) are secured on the net assets to which they relate.

9. Deferred taxation

	2018 £
At beginning of year	5,660
Charged to the profit or loss	1,063
At end of year	6,723

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	5,660	5,900
Short term timing differences	1,063	(240)
	6,723	5,660

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
62,500 Ordinary 'A' shares of £1 each	62,500	62,500
5 Ordinary 'B' shares of £1 each	5	5
	<u>62,505</u>	<u>62,505</u>

In the event of winding up of the company, the Ordinary 'A' shares have first rights for repayment of up to £1,501,419 in proportion to the number of 'A' shares held. Thereafter, the remaining assets of the company will be distributed as follows; 80% to the controlling holders of 'A' shares, 10% to the remaining holders of 'A' shares and 10% to the holders of 'B' shares.

The right to any dividend declared shall be received, 80% to the controlling holders of 'A' shares, 10% to the remaining holders of 'A' shares and 10% to the holders of 'B' shares.

11. Reserves

The company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Contingent liabilities

There is a contingent liability in respect of guarantees given by the company, in common with fellow subsidiaries, to its bankers for loan and overdraft facilities granted to the ultimate parent company, One Group Construction Limited and its subsidiaries. Debt is further secured by legal charges over property owned by the group.

At the year end other group companies had loans amounting to £2,423,750 (2017 - £2,900,000).

At the year end other companies had gross overdrafts amounting to £16,045,864 (2017 - £16,017,819). The group has a right of set off between overdrafts and current account balances. At year end other group companies had current account balances totalling £27,219,785 (2017 - £29,155,347) fully off-setting the gross overdraft balances when combined with the current account balance of the individual company.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

13. Pension costs

The company is a member of the group's defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £30,785 (2017 - £24,129).

Included within creditors is £1,560 (2017 - £1,415) relating to outstanding pension contributions.

14. Related party transactions

The following transactions took place with fellow group subsidiaries during the year:

	2018 £	2017 £
Sales		
S.E.H. (Ipswich) Limited	811,495	382,844
SEH French Limited	37,200	49,086
Jackson Frameworks Limited	11,109	70,601
SEH (Property and Administration) Limited	13,028	-
Jackson Civils Limited	66,855	-
Total	939,687	502,531

	2018 £	2017 £
Purchases		
S.E.H. (Ipswich) Limited	1,402	1,103
Emmitt Plant Limited	89,841	85,118
One Group Construction Limited	37,415	29,022
SEH (Property and Administration) Limited	2,905	3,044
Jackson Civil Engineering Group Limited	4,164	3,885
Total	135,727	122,172

During the year, management charges of £74,256 (2017 - £73,474) were paid to SEH (Property and Administration) Limited, a fellow group subsidiary.

During the year, group interest of £9,403 (2017 - £10,080) was received from SEH (Property and Administration) Limited, a fellow group subsidiary.

During the year, in addition to the above table, rent of £600 (2017 - £600) was paid to SEH (Property and Administration) Limited, a fellow group subsidiary.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2018

13. Related party transactions (continued)

The following amounts included within amounts due to fellow group subsidiaries were outstanding at 31 December 2018:

	2018 £	2017 £
Creditors		
Emmitt Plant Limited	12,834	11,512
SEH Group Limited	240,000	240,000
Jackson Civil Engineering Group Limited	1,314	-
One Group Construction Limited	-	891
Total	254,148	252,403

The following amounts included within amounts due from fellow group subsidiaries were outstanding at 31 December 2018:

	2018 £	2017 £
Debtors		
S.E.H. (Ipswich) Limited	60,762	11,192
SEH French Limited	89	26,955
SEH (Property and Administration) Limited	34,581	41,448
Jackson Civils Limited	3,439	-
Total	98,871	79,595

During the year the company proposed dividends amounting to £300,000 (2017 - £300,000). Of these dividends £240,000 (2017 - £240,000) are payable to SEH Group Limited, £30,000 (2017 - £30,000) to D W Brown and £30,000 (2017 - £30,000) to G A Day.

15. Ultimate parent undertaking and controlling party

The company is controlled by SEH Group Limited. The ultimate controlling party is One Group Construction Limited.

The only group for which the results of the company are consolidated is that headed by One Group Construction Limited, the company's ultimate parent undertaking, which is registered in England and Wales. Copies of the consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The registered office of One Group Construction Limited is 30 White House Road, Ipswich, Suffolk, IP1 5LT.