

Howard Civil Engineering Limited

Company Registration Number 04656708

Annual Report and Financial Statements

Year ended 31 July 2020



Howard Civil Engineering Limited
Annual Report and Financial Statements
Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Balance Sheet	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 to 19

Howard Civil Engineering Limited
Annual Report and Financial Statements
Company Information

Directors	M T Howard G D Howard P Howard J S Cartwright
Company secretary	G Howard
Registered office	Unit 11 Acorn Business Park Killingbeck Drive Leeds LS14 6UF
Company number	04656708
Statutory auditor	Brown Butler Chartered Accountants Leigh House 28-32 St Paul's Street Leeds West Yorkshire LS1 2JT
Bankers	Barclays Bank Plc 2-12 Pinstone Street Sheffield S1 2HN

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

Principal activity

The principal activity of the company is that of the provision of civil engineering services.

Fair review of the business

Turnover has remained consistent in the last 12 months at £24,113,023 (2019: £24,162,435), despite some projects being delayed due to Covid.

The directors are pleased to report that during the year the company increased its profit on ordinary activities by 345% to £609,641 (2019 : £176,666)

The balance sheet remains strong at 31 July 2020 with a net asset value of £1,680,285 (2019: £1,332,711). This is a 26% uplift over the previous year.

We are pleased by the underlying position and in particular the success achieved in maintaining a solid cash balance and the quality of the forward order book, this is despite the unique circumstances that the global pandemic has presented to the construction industry.

Principal risks and uncertainties

The key business risks affecting the company relate to competition within the market place, labour resource, financial.

These risks are assessed and reviewed on an ongoing basis.

Market Risk

There are positive signs of continued growth in our chosen market sectors. Our strategy is focused on realising the potential that exists for us to prosper through careful selection and execution of the work that we take on. Our forward order book is at just over 90% of this year's budgeted turnover with a healthy pipeline of future opportunities visible.

Labour

Our people are the overarching differentiator and the driver for our continued success. We will maintain our investment in the development of our talent pool.

Financial

The company uses various financial instruments, which include, cash and other items such as trade debtors and trade creditors that arise directly from its operations. Industry specific software is used to control this and produce a strong cash flow monitoring tool, which is updated weekly.

The main purpose of these financial instruments is to ensure we protect both the company and its supply chain with regular and strong cash balances to support its operations. To that end we hold monthly board meetings where finance is a key agenda topic.

Future developments

The outlook for our future trading remains positive and provides the opportunity to further improve the earnings from our operations.

With a strong pipeline of opportunities and continued commitment from the Government to infrastructure spending, aligned to the company's targeting of framework opportunities which has already proved fruitful via the successful award onto the NEPO framework. We expect this to continue within the next 12 months and beyond.

We are well placed to continue to play a significant role in the long-term opportunities within the industry and we see buoyancy within the residential, logistics and infrastructure markets. These are all areas that will play an important role in rebuilding the UK economy and where there is positive Government commitment.

We believe our strategy of achieving a balance in the business across our four key disciplines and work streams, coupled with our pipeline of work and our strong balance sheet, puts us in a strong position to face any challenges that lie ahead. Our overall performance reflects strong client relationships, focusing on selecting opportunities with the right risk profiles, and our commitment to delivering projects safely and efficiently.

Approved by the Board on 31/3/21 and signed on its behalf by:



G D Howard
Director

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

Directors of the company

The directors who held office during the year were as follows:

M T Howard
G D Howard
P Howard
J S Cartwright

Dividends

The directors do not propose the payment of a final dividend in respect of the financial year ended 31 July 2020.

Disclosure of information to the auditors

So far as the directors are aware, there is no information relevant to the audit of which the company's auditors are unaware. The directors have taken the necessary steps to ensure that they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

Approved by the Board on 31/3/21 and signed on its behalf by:



G D Howard
Director

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Opinion

We have audited the financial statements of Howard Civil Engineering Limited (the "company") for the year ended 31 July 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows 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 Financial Reporting Standard 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 July 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 of 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 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.

Continued on next page

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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 or the Directors' Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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 Statement of Directors' Responsibilities set out on page 5, 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 cease operations, or have no realistic alternative but to do so.

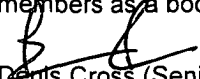
Auditor's responsibilities for the audit of the financial statements

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 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 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.


Denis Cross (Senior Statutory Auditor)
For and on behalf of Brown Butler,
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
West Yorkshire
LS1 2JT

Date: 31/3/21

Howard Civil Engineering Limited
Annual Report and Financial Statements
Profit and Loss Account for the year ended 31 July 2020

	Note	2020 £	2019 £
Turnover	3	24,113,023	24,162,435
Cost of sales		<u>(22,102,235)</u>	<u>(22,347,685)</u>
Gross profit		2,010,788	1,814,750
Administrative expenses		<u>(1,434,622)</u>	<u>(1,741,312)</u>
Other operating income	4	<u>115,145</u>	<u>40,104</u>
Operating profit	5	691,311	113,542
Interest receivable and similar income	7	5,297	146,043
Interest payable and similar expenses	8	<u>(86,967)</u>	<u>(82,919)</u>
Profit on ordinary activities before taxation		609,641	176,666
Tax on profit	11	<u>(36,169)</u>	<u>(42,598)</u>
Profit for the financial year		573,472	134,068
Profit and loss account brought forward		1,332,511	1,285,600
Dividends paid		<u>(225,898)</u>	<u>(87,157)</u>
Profit and loss account carried forward		<u><u>1,680,085</u></u>	<u><u>1,332,511</u></u>

The above results were derived from continuing operations.

Howard Civil Engineering Limited
Annual Report and Financial Statements
Company Registration Number 04656708
Balance Sheet as at 31 July 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	12	392,424	401,517
Current assets			
Debtors	13	5,214,365	4,670,104
Cash at bank and in hand		<u>1,762,484</u>	<u>2,145,001</u>
		6,976,849	6,815,105
Creditors: Amounts falling due within one year	15	<u>(5,256,187)</u>	<u>(5,345,659)</u>
Net current assets		<u>1,720,662</u>	<u>1,469,446</u>
Total assets less current liabilities		2,113,086	1,870,963
Creditors: Amounts falling due after more than one year	15	(430,496)	(535,810)
Provisions for liabilities	16	<u>(2,305)</u>	<u>(2,442)</u>
Net assets		<u>1,680,285</u>	<u>1,332,711</u>
Capital and reserves			
Called up share capital	17	200	200
Profit and loss account	19	<u>1,680,085</u>	<u>1,332,511</u>
		<u>1,680,285</u>	<u>1,332,711</u>

These financial statements were approved and authorised for issue by the Board on 31/3/21 and signed on its behalf by:

M T Howard
Director

Howard Civil Engineering Limited
Annual Report and Financial Statements
Statement of Cash Flows for the year ended 31 July 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		573,472	134,068
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	9,093	44,011
Interest received	7	(5,297)	(146,043)
Interest paid	8	86,967	82,919
Taxation	11	36,169	42,598
		<u>700,404</u>	<u>157,553</u>
Working capital adjustments			
(Increase)/decrease in trade and other debtors	13	(453,594)	489,866
(Decrease)/increase in trade and other creditors	15	<u>(153,502)</u>	<u>479,223</u>
Cash generated from operations		93,308	1,126,642
Taxation paid		<u>(82,282)</u>	<u>(55,190)</u>
Net cash flow from operating activities		11,026	1,071,452
Cash flows from investing activities			
Interest received	7	5,297	146,043
Proceeds from sale of tangible fixed assets	12	<u>-</u>	<u>104,756</u>
Net cash flows from investing activities		5,297	250,799
Cash flows from financing activities			
Interest paid	8	(86,967)	(82,919)
Repayment of bank borrowing		(29,549)	(29,734)
Proceeds from other borrowing drawdowns		56,405	66,160
Repayment of other borrowing		(112,831)	(127,500)
Payments to hire purchase creditors		-	(97,001)
Dividends paid		<u>(225,898)</u>	<u>(87,157)</u>
Net cash flows from financing activities		<u>(398,840)</u>	<u>(358,151)</u>
Net (decrease)/increase in cash and cash equivalents		(382,517)	964,100
Cash and cash equivalents at 1 August 2019		<u>2,145,001</u>	<u>1,180,901</u>
Cash and cash equivalents at 31 July 2020		<u><u>1,762,484</u></u>	<u><u>2,145,001</u></u>

The notes on pages 11 to 19 form an integral part of these financial statements.

1 General information

Howard Civil Engineering Limited is a private company limited by shares and incorporated in England and Wales under company number 04656708.

The address of its registered office and principal place of business is:

Unit 11
Acorn Business Park
Killingbeck Drive
Leeds
LS14 6UF

2 Summary of significant accounting policies

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The presentation currency is £ sterling.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessment in determining that this is the appropriate basis of preparation of the financial statements. After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and within the next financial year and the amounts reported for revenue and expenses during the year. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant effect on amounts recognised in the financial statements relate to the calculation of amounts recoverable on contracts ("AROC") which is included in current debtors at the balance sheet date.

The calculation of AROC requires the management to estimate future revenue and costs in order to establish a stage of completion for contracts in progress at the balance sheet date. The management relies on the judgement of experts and project budgets and forecasts in order to arrive at the figures reported in the accounts. The carrying amount of AROC included in the financial statements is £3,017,628 (2019: £1,892,503).

Turnover

Turnover represents revenue receivable for goods and services provided during the year, net of value added tax.

Revenue is recognised as contract activity progress in relation to contracted obligations that are performed gradually over time. Uncompleted contracts at the balance sheet date are brought into account by reference to the fair value of the work performed at that date and are described in the financial statements as amounts recoverable on contracts within current assets.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Pension contributions

The company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

Taxation

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

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences. The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Dividends

Dividends are recognised as a liability in the period in which the shareholder's right to receive payment has been established.

Finance income and costs

Finance income represents the revenue receivable from financial activities.

Finance costs represents the costs incurred in the financing of the company's operations.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives. The annual rates and methods of depreciation are as follows:-

Asset class	Depreciation method and rate
Land	No depreciation is provided on land
Buildings	5% straight line

Impairment of assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are initially measured at transaction price and are subsequently stated at cost less appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Trade and other short term creditors are measured at transaction price. Other financial liabilities which are basic financial instruments, including bank loans, are measured initially at the present value of cash payable to settle the liabilities (including interest) and are subsequently measured at amortised cost using the effective interest method.

Leases and hire purchase contracts

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Fixed assets acquired under hire purchase contracts are included in the balance sheet at cost and an appropriate provision is made for depreciation.

The outstanding liabilities under such agreements less interest not yet due are included in creditors.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 £	2019 £
Building and civil engineering services - all UK	<u>24,113,023</u>	<u>24,162,435</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £	2019 £
Grants received	75,041	-
Rent receivable	<u>40,104</u>	<u>40,104</u>
	<u>115,145</u>	<u>40,104</u>

5 Operating profit

Operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	9,093	44,011
Operating lease charges	30,389	37,619
Auditor's remuneration	<u>12,000</u>	<u>12,000</u>

6 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>12,000</u>	<u>12,000</u>

7 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	4,609	4,286
Other interest receivable	688	141,757
	<u>5,297</u>	<u>146,043</u>

8 Interest payable and similar charges

	2020 £	2019 £
Loan interest	11,909	11,349
Interest on obligations under finance leases and hire purchase contracts	-	3,274
Other interest	75,058	68,296
	<u>86,967</u>	<u>82,919</u>

9 Staff costs

Employee costs, including directors, during the year:

	2020 £	2019 £
Wages and salaries	1,472,965	1,592,518
Social security costs	90,862	86,767
Other pension costs	26,293	29,620
	<u>1,590,120</u>	<u>1,708,905</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Production	17	15
Administration	18	21
	<u>35</u>	<u>36</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Salaries	-	5,553
Pension contributions	-	17,700
	<u>-</u>	<u>23,253</u>

11 Tax on profit

	2020 £	2019 £
Current taxation		
UK corporation tax	126,284	64,898
UK corporation tax adjustment to prior periods	<u>(89,978)</u>	<u>-</u>
	36,306	64,898
Deferred taxation		
Origination and reversal of timing differences	<u>(137)</u>	<u>(22,300)</u>
Tax on profit	<u>36,169</u>	<u>42,598</u>

The tax charge for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>609,641</u>	<u>176,666</u>
Corporation tax at standard rate	115,832	33,567
Expenses not deductible for tax purposes	8,724	4,259
UK current tax adjustment for prior periods	(89,978)	-
Origination and reversal of timing differences	<u>1,591</u>	<u>4,772</u>
Total tax charge	<u>36,169</u>	<u>42,598</u>

12 Tangible fixed assets

	Freehold land and buildings £	Total £
Cost		
At 1 August 2019	<u>442,876</u>	<u>442,876</u>
At 31 July 2020	<u>442,876</u>	<u>442,876</u>
Depreciation		
At 1 August 2019	41,359	41,359
Charge for the year	<u>9,093</u>	<u>9,093</u>
At 31 July 2020	<u>50,452</u>	<u>50,452</u>
Net book value		
At 31 July 2019	<u>401,517</u>	<u>401,517</u>
At 31 July 2020	<u>392,424</u>	<u>392,424</u>

13 Debtors

	2020 £	2019 £
Trade debtors	1,190,054	989,503
Amounts recoverable on contracts	3,017,628	1,892,503
Other debtors	835,694	1,764,924
Corporation tax	90,667	-
Prepayments	80,322	23,174
	<u>5,214,365</u>	<u>4,670,104</u>

14 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	<u>1,762,484</u>	<u>2,145,001</u>

15 Creditors:

Amounts falling due within one year

	2020 £	2019 £
Bank loan	33,595	29,736
Other borrowings	433,414	417,934
Trade creditors	3,864,371	4,228,657
Social security and other taxes	34,859	34,326
Other creditors	681,072	447,083
Corporation tax	126,284	81,593
Accruals	82,592	106,330
	<u>5,256,187</u>	<u>5,345,659</u>

Amounts falling due after more than one year

Bank loan	249,861	283,269
Other borrowings	<u>180,635</u>	<u>252,541</u>
	<u>430,496</u>	<u>535,810</u>

16 Provisions

	Deferred tax £	Total £
At 1 August 2019	2,442	2,442
Decrease in existing provisions	(137)	(137)
At 31 July 2020	<u>2,305</u>	<u>2,305</u>

Analysis of deferred tax is as follows:

	£
2020	
Capital allowances in excess of depreciation	<u>2,305</u>
2019	
Capital allowances in excess of depreciation	<u>2,442</u>

17 Share capital

Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
'A' Ordinary shares of £1 each	120	120	120	120
'B' Ordinary shares of £1 each	20	20	20	20
'C' Ordinary shares of £1 each	20	20	20	20
'D' Ordinary shares of £1 each	20	20	20	20
'E' Ordinary shares of £1 each	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu in all respects. The directors have the power to vote variable rates of dividends on the different classes of shares.

18 Security

The bank loan totalling £283,456 (2019: £313,005) is secured by a legal charge over the freehold land and buildings.

Other borrowings totalling £284,387 (2019: £366,078) are secured by a legal charge over the assets of a connected company.

19 Capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

20 Leasing commitments

Operating leases

The total of future minimum operating lease payments is as follows:

	2020 £	2019 £
Within one year	58,673	61,175
Between one and five years	<u>39,379</u>	<u>98,052</u>
	<u>98,052</u>	<u>159,227</u>

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £26,293 (2019: £29,620).

22 Analysis of changes in net debt

	At 1 August 2019	Cash Flows	Non-cash changes Other changes	At 31 July 2020
	£	£	£	£
Long-term borrowings	(535,810)	-	105,314	(430,496)
Short-term borrowings	<u>(447,670)</u>	<u>85,975</u>	<u>(105,314)</u>	<u>(467,009)</u>
Total liabilities	(983,480)	85,975	-	(897,505)
Cash and cash equivalents	2,145,001	(382,517)	-	1,762,484
Total net debt	<u>1,161,521</u>	<u>(296,542)</u>	<u>-</u>	<u>864,979</u>

23 Related party transactions

During the year there were advances to directors totalling £156 (2019: £830) and deposits from directors totalling £60,100 (2019: £2,701) in respect of loans with the company. At the balance sheet date of the current year the amount due to directors was £62,129 At the balance sheet date of the prior year the amount due to directors was £2,185

The loans were interest free and repayable on demand.

Summary of transactions with other related parties

	2020 £	2019 £
Sale of goods and recharges	<u>768,813</u>	<u>1,902,856</u>
Amounts receivable from related parties at 31 July 2020	<u>6,684</u>	<u>212,460</u>
	2020 £	2019 £
Purchase of goods and services	<u>2,029,975</u>	<u>2,782,559</u>
Amounts payable to related parties at 31 July 2020	<u>561,829</u>	<u>507,685</u>
Key management compensation		
	2020 £	2019 £
Salaries and other short term employee benefits	<u>7,500</u>	<u>256,803</u>

Loans to related parties

The company has loans owed by, and owed to related parties. The details of these loans are as follows:

Loans owed by related parties	Other related parties £
2020	
At start of year	1,556,217
Advanced	39,816
Repaid	<u>(1,455,734)</u>
At end of year	<u>140,299</u>
Loans owed to related parties	Other related parties £
2020	
At start of year	1,003,808
Advanced	500,000
Repaid	<u>(446,164)</u>
Interest transactions	<u>73,295</u>
At end of year	<u>1,130,939</u>