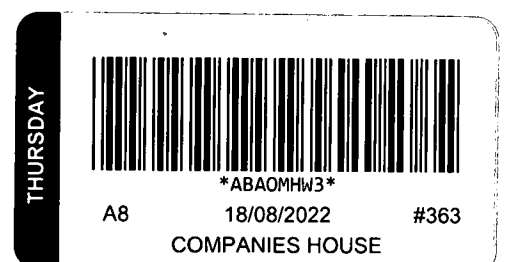


Howard Civil Engineering Limited

Company Registration Number 04656708

Annual Report and Financial Statements

Year ended 31 July 2021



Brown Butler
Chartered Accountants
Leeds

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Directors	M T Howard G D Howard P Howard J S Cartwright
Company secretary	G Howard
Registered office	Howard House Limewood Approach Leeds LS14 1NG
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 2021.

Principal activity

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

Fair review of the business

We are pleased to report that the company's turnover for the year was consistent with the previous year at £23,606,055 (2020 : £24,113,023). This was despite the issues caused by Covid and Brexit and the delays and suspension of certain projects.

Underlying profit on ordinary activities was £303,344 (2020: £609,641). In light of the impacts of the issues narrated above, and significant one off investments within the business to support future growth and diversification, the directors are satisfied with the results.

The balance sheet remains strong, with a 12% uplift in value to £1,888,573 (2020: £1,680,285)

We are pleased by the underlying position and in particular the success achieved on driving the quality of the forward order book. The outlook for our future trading remains positive and provides the opportunity to further improve the earnings from our operations.

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.

The company's key financial and other performance indicators during the year were as follows:

Revenue

Revenue has remained consistent at £23.6m in the year to 31 July 2021 compared to £24.1m in the year to 31 July 2020.

Margin

Gross Profit margin was 7.26% in the year to 31 July 2021 compared to 8.34% in the year to 31 July 2020.

Cash Management

The company manages its capital to ensure that it is able to continue as a going concern while minimising costs and liquidity risk. As at 31 July 2021, the company had cash and cash equivalents of £1.81m (2020 : £1.76m). This is sufficient for the ongoing working capital requirements of the company.

Principal risks and uncertainties

The key business risks affecting the company relate to competition within the marketplace, labour resource, and financing.

These risks are assessed and reviewed on an ongoing basis.

Market Risk

There are tangible 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 diversity in the work that we take on. Our forward order book is already significantly above last year's turnover with a healthy pipeline of future opportunities visible.

Labour

Brexit and an upturn in sector conditions has presented certain skills shortages and considerations. Whilst this will impact the industry, we believe the low churn and long serving key staff protect us against this more than most. 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. Apprentices and the development of our own talent pool remain integral to our overall strategy. Currently we have 23 apprentices spread across the business and we see them as an investment, helping to build skills which are relevant to our business and our long-term requirements.

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 continuing operations. To that end we hold monthly board meetings where finance is a key agenda topic.

Future Developments

With a strong pipeline of opportunities and continued commitment from the Government to infrastructure spending, including exciting emerging sectors such as battery storage and manufacture, the business is confident it is structured to deliver levels of profitability in the short and medium term.

With the conscious investment in our new headquarters, the strategic appointments within our management team and diversification into principal contractor opportunities resulting in our successful appointment on 5 frameworks, we are well placed to continue to play a significant role in the long-term opportunities across our targeted geographical areas.

We are acutely aware of the unprecedented levels of inflation and the impact that the fuel duty levy has on our sector. As a business we have taken risk averse decisions to protect the business such as fluctuating pricing in lieu of fixed pricing, constant dialogue with our supply chain and a proactive awareness to what the market is doing.

We believe our strategy of achieving a balance in the business across our Civils, Structures and Principal Contract divisions, coupled with our pipeline of work and our strong balance sheet, puts us in a strong position to face any challenges that lie ahead.

Finally as we enter our 20th year in business, our continued success and growth will be reflected by 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 15/7/22 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 2021.

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

Interim dividends of £178,476 (2020 : £225,898) were paid during the year.

The directors do not propose the payment of a final dividend in respect of the financial year ended 31 July 2021.

Going concern

As the company has adequate financial resources together with contracts and agreements with a number of major customers and suppliers, the directors believe that the company is well placed to manage its business risks successfully. They have no reason to believe that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern. They have, therefore, continued to adopt the going concern basis of accounting in preparing these financial statements.

The company's future plans and exposure to risks are described in the strategic report on pages 2 -3.

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 15/7/22 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 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 22 to the financial statements, which describes the contingent liability related to the outcome of legal proceedings against the company by the Health and Safety Executive. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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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.

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, 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 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 is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Capability of the audit in detecting irregularities, including fraud

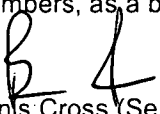
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The key laws and regulations we have considered in this context included the Companies Act, pension and tax legislation. In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Using our general commercial and sector experience and through discussions with the directors and other management, we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements as well as those arising from management's own assessment of the risks that irregularities may occur either as a result of fraud or error.
- We examined the company's regulatory and legal correspondence and discussed with the directors and other management any known or suspected instances of fraud or non-compliance with laws and regulations.
- We communicated and discussed identified laws and regulations and potential fraud risks with all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In addressing the risk of management override of controls, we tested the appropriateness of journal entries. We also challenged assumptions and judgements made by management in their significant accounting estimates and judgements. We also discussed related party relationships and transactions involving them.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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

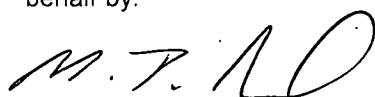
Date: 15/7/22

	Note	2021 £	2020 £
Turnover	3	23,606,055	24,113,023
\ Cost of sales		<u>(21,893,058)</u>	<u>(22,102,235)</u>
Gross profit		1,712,997	2,010,788
Administrative expenses		(1,431,163)	(1,434,622)
Other operating income	4	<u>89,016</u>	<u>115,145</u>
Operating profit	5	370,850	691,311
Interest receivable and similar income	7	3,601	5,297
Interest payable and similar expenses	8	<u>(71,107)</u>	<u>(86,967)</u>
Profit on ordinary activities before taxation		303,344	609,641
Tax on profit	10	<u>83,420</u>	<u>(36,169)</u>
Profit for the financial year		386,764	573,472
Profit and loss account brought forward		1,680,085	1,332,511
Dividends paid		<u>(178,476)</u>	<u>(225,898)</u>
Profit and loss account carried forward		<u><u>1,888,373</u></u>	<u><u>1,680,085</u></u>

The above results were derived from continuing operations.

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	11	966,842	392,424
Current assets			
Debtors	12	5,089,627	5,214,365
Cash at bank and in hand		<u>1,805,093</u>	<u>1,762,484</u>
		6,894,720	6,976,849
Creditors: Amounts falling due within one year	14	<u>(5,465,466)</u>	<u>(5,256,187)</u>
Net current assets		<u>1,429,254</u>	<u>1,720,662</u>
Total assets less current liabilities		2,396,096	2,113,086
Creditors: Amounts falling due after more than one year	14	(505,355)	(430,496)
Provisions for liabilities	16	<u>(2,168)</u>	<u>(2,305)</u>
Net assets		<u>1,888,573</u>	<u>1,680,285</u>
Capital and reserves			
Called up share capital	17	200	200
Profit and loss account	18	<u>1,888,373</u>	<u>1,680,085</u>
		<u>1,888,573</u>	<u>1,680,285</u>

These financial statements were approved and authorised for issue by the Board on 15/7/22 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		386,764	573,472
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	9,093	9,093
Interest received	7	(3,601)	(5,297)
Interest paid	8	71,107	86,967
Taxation	10	(83,420)	36,169
		379,943	700,404
Working capital adjustments			
Decrease/(increase) in trade and other debtors	12	183,389	(453,594)
Increase/(decrease) in trade and other creditors	14	191,388	(153,502)
Cash generated from operations		754,720	93,308
Taxation paid		(35,619)	(82,282)
Net cash flow from operating activities		719,101	11,026
Cash flows from investing activities			
Interest received	7	3,601	5,297
Acquisitions of tangible fixed assets	11	(583,511)	-
Net cash flows from investing activities		(579,910)	5,297
Cash flows from financing activities			
Interest paid	8	(71,107)	(86,967)
Proceeds from bank borrowing draw downs		250,000	-
Repayment of bank borrowing		(51,810)	(29,549)
Proceeds from other borrowing draw downs		50,384	56,405
Repayment of other borrowing		(95,573)	(112,831)
Dividends paid		(178,476)	(225,898)
Net cash flows from financing activities		(96,582)	(398,840)
Net increase/(decrease) in cash and cash equivalents		42,609	(382,517)
Cash and cash equivalents at 1 August 2020		1,762,484	2,145,001
Cash and cash equivalents at 31 July 2021		1,805,093	1,762,484

The notes on pages 12 to 21 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:

Howard House
Limewood Approach
Leeds
LS14 1NG
England

2 Summary of significant accounting policies

Basis of preparation

The financial statements 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 and the financial statements have been rounded to the nearest £1.

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.

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.

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 financial statements. The carrying amount is £2,716,232 (2020: £3,017,628).

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 policy

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
Leasehold property	Straight line over the life of the lease ending January 2031

Impairment of fixed 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 carrying 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:

	2021 £	2020 £
Building and civil engineering services - all UK	<u>23,606,055</u>	<u>24,113,023</u>

4 Other operating income

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

	2021 £	2020 £
Grants received	48,912	75,041
Rent receivable	<u>40,104</u>	<u>40,104</u>
	<u>89,016</u>	<u>115,145</u>

5 Operating profit

Operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	9,093	9,093
Operating lease charges	81,503	30,389
Auditor's remuneration	<u>12,500</u>	<u>12,000</u>

6 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>12,500</u>	<u>12,000</u>

7 Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	645	4,609
Other interest receivable	2,956	688
	<u>3,601</u>	<u>5,297</u>

8 Interest payable and similar charges

	2021 £	2020 £
Loan interest	7,644	11,909
Other interest	63,463	75,058
	<u>71,107</u>	<u>86,967</u>

9 Staff costs

Employee costs, including directors, during the year:

	2021 £	2020 £
Wages and salaries	1,445,201	1,472,965
Social security costs	128,855	90,862
Other pension costs	39,717	26,293
	<u>1,613,773</u>	<u>1,590,120</u>

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

	2021 No.	2020 No.
Production	27	17
Administration	20	18
	<u>47</u>	<u>35</u>

10 Tax on profit

	2021 £	2020 £
Current taxation		
UK corporation tax	66,033	126,284
UK corporation tax adjustment to prior periods	<u>(149,316)</u>	<u>(89,978)</u>
	(83,283)	36,306
Deferred taxation		
Origination and reversal of timing differences	<u>(137)</u>	<u>(137)</u>
Tax on profit	<u><u>(83,420)</u></u>	<u><u>36,169</u></u>

The tax charge for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>303,344</u>	<u>609,641</u>
Corporation tax at standard rate	57,635	115,832
Expenses not deductible for tax purposes	6,670	8,724
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(149,316)	(89,978)
Origination and reversal of timing differences	<u>1,591</u>	<u>1,591</u>
Total tax (credit)/charge	<u><u>(83,420)</u></u>	<u><u>36,169</u></u>

11 Tangible fixed assets

	Land and buildings £	Leasehold property £	Total £
Cost			
At 1 August 2020	442,876	-	442,876
Additions	<u>-</u>	<u>583,511</u>	<u>583,511</u>
At 31 July 2021	<u>442,876</u>	<u>583,511</u>	<u>1,026,387</u>
Depreciation			
At 1 August 2020	50,452	-	50,452
Charge for the year	<u>9,093</u>	<u>-</u>	<u>9,093</u>
At 31 July 2021	<u>59,545</u>	<u>-</u>	<u>59,545</u>
Net book value			
At 31 July 2020	<u>392,424</u>	<u>-</u>	<u>392,424</u>
At 31 July 2021	<u><u>383,331</u></u>	<u><u>583,511</u></u>	<u><u>966,842</u></u>

12 Debtors

	2021 £	2020 £
Trade debtors	1,027,077	1,190,054
Amounts due on contracts	2,716,232	3,017,628
Other debtors	1,153,574	835,694
Corporation tax	149,318	90,667
Prepayments	43,426	80,322
	<u>5,089,627</u>	<u>5,214,365</u>

13 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>1,805,093</u>	<u>1,762,484</u>

14 Creditors:

Amounts falling due within one year

	2021 £	2020 £
Bank loans	89,511	33,595
Other borrowings	455,640	433,414
Trade creditors	4,498,009	3,864,371
Social security and other taxes	56,156	34,859
Other creditors	200,940	681,072
Corporation tax	66,033	126,284
Accruals	99,177	82,592
	<u>5,465,466</u>	<u>5,256,187</u>

Amounts falling due after more than one year

Bank loans	392,135	249,861
Other loans and borrowings	<u>113,220</u>	<u>180,635</u>
	<u>505,355</u>	<u>430,496</u>

15 Security

The bank loans totalling £481,646 (2020: £283,456) are secured by a legal charge over the freehold land and buildings.

Other borrowings totalling £211,836 (2020: £284,387) are secured by a legal charge over the assets of a connected company.

16 Provisions

	Deferred tax £	Total £
At 1 August 2020	2,305	2,305
Increase (decrease) in existing provisions	(137)	(137)
At 31 July 2021	<u>2,168</u>	<u>2,168</u>

Analysis of deferred tax is as follows:

	£
2021	
Capital allowances in excess of depreciation	<u>2,168</u>
2020	
Capital allowances in excess of depreciation	<u>2,305</u>

17 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
'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	20	20	20	20
	<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 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.

19 Leasing commitments

Operating leases

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

	2021 £	2020 £
Within one year	132,236	58,673
Between one and five years	482,872	39,379
After five years	530,000	-
	<u>1,145,108</u>	<u>98,052</u>

20 Analysis of changes in net debt

	At 1 August 2020	Cash Flows	Non-cash changes Other changes	At 31 July 2021
	£	£	£	£
Long-term borrowings	(430,496)	(250,000)	175,141	(505,355)
Short-term borrowings	<u>(467,009)</u>	<u>96,999</u>	<u>(175,141)</u>	<u>(545,151)</u>
Total liabilities	(897,505)	(153,001)	-	(1,050,506)
Cash and cash equivalents	1,762,484	42,609	-	1,805,093
Total net debt	<u>864,979</u>	<u>(110,392)</u>	<u>-</u>	<u>754,587</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 £39,717 (2020 - £26,293).

22 Contingent liabilities

The company is under investigation by the Health and Safety Executive following an incident on a construction site in 2015 in which the company acted as principal contractor. Following the year end the company has pleaded guilty to offences contravening the Health and Safety Act 1974. Due to this guilty plea, a substantial penalty will be levied on the company. The company has taken legal advice on this matter and has also taken note of the 'Health and Safety Offences, Corporate Manslaughter and Food Safety and Hygiene Offences – Definitive Guide', which outlines the guidelines for penalties, and it is clear that the level of penalty cannot be quantified, and therefore cannot be measured reliably. As such, no provision for the penalty has been made in these financial statements. The company has been assured by its legal advisors that, whilst the penalty will be substantial, it will not impact on the company's ability to continue as a going concern.

23 Related party transactions

During the year there were advances to directors totalling £1,030,300 (2020: £156) and repayments from directors totalling £1,055,753 (2020: £60,100) in respect of loans with the company. At the balance sheet date of the current year the amount due to directors was £87,582. At the balance sheet date of the prior year the amount due to directors was £62,129.

The loans were interest free and repayable on demand.

Income from related parties

	Other related parties £
2021	
Sale of goods	<u>204,393</u>
Amounts receivable from related party	<u>106,622</u>
	Other related parties £
2020	
Sale of goods	<u>768,813</u>
Amounts receivable from related party	<u>6,684</u>

Expenditure with related parties

	Other related parties £
2021	
Purchase of goods	<u>1,824,405</u>
Amounts payable to related party	<u>996,941</u>
	Other related parties £
2020	
Purchase of goods	<u>2,029,975</u>
Salaries and other short term employee benefits	<u>-</u>
	<u>7,500</u>
	<u>7,500</u>
Amounts payable to related party	<u>561,829</u>

Loans to related parties

	Other related parties £
2021	
At start of year	140,299
Advanced	1,121,230
Repaid	<u>(450,299)</u>
At end of year	<u>811,230</u>
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>