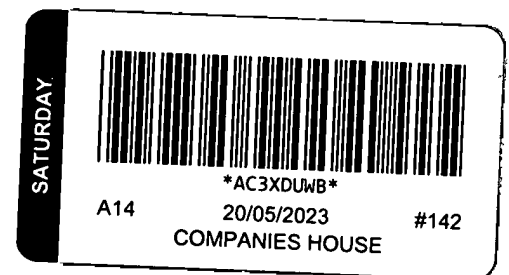


Howard Civil Engineering Limited

Company Registration Number 04656708

Annual Report and Financial Statements

Year ended 31 July 2022



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 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 21

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	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 2022.

Principal activity

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

Fair review of the business

Although there have been numerous factors which have created uncertainty to both the construction industry and the wider economy we are pleased to report a positive set of results.

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

Turnover has grown by 46% meaning a year end figure of £34,438,648 (2021: £23,606,055).

The profit before exceptional items of £1,165,110 represents an increase of 384% in the period (2021: £303,344)

Underlying profit on ordinary activities was £522,037 (2021: £303,344)

The directors are satisfied with the results especially when considering the exceptional item of £643,073 which occurred within the reporting period, the unprecedented inflation, and our continued investment in our people, processes, and future with the mutual benefit of improving our business and the service offering we deliver. This continued investment has resulted in additional staff, office technology and training to support our areas of operation.

When all factors are considered the balance also sheet remains strong, with a 12% uplift in value £2,123,304 (2021: £1,888,573) and cash position of £2,349,663

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 margins from our operations.

Principal risks and uncertainties

The key business risks affecting the company remain to be; competition within the marketplace, labour resource and financial considerations.

These risks are assessed and reviewed on an ongoing basis by the directors and the senior management team. Unprecedented levels of inflation have continued to be a risk within this reporting period. However, we feel we have navigated this risk proactively by avoiding fixed priced contracts or contracts with excessive durations. Whilst inflation remains an ongoing concern, we believe the levels seen previously are behind us and in some instances reductions in costs have been observed. The availability of suitable projects in areas to support the growth and profitability of the business is key to the business' success. We have an excellent pre-construction department who target, through sector awareness, the right kind of opportunities. This is coupled with our 20 years history and retained clients ranging from local authorities, government agencies to plc contractors and developers.

Whilst labour provided challenges within the year around rising rates against the backdrop of a falling ability level, we are fortunate to have a core nucleus of long-standing colleagues who provide the backbone to the business. Our people remain to be one of our biggest assets and underpins our continuous 20 year history. As part of our social responsibilities and as a mechanism to strengthen and grow, over 7% of our workforce are apprentices or postgraduates. We have colleagues from our apprentice programme with over 10 years' service, this is something we are extremely proud of and continues to be an integral part of our workforce strategy. At the same time, we recognise that to grow and develop we need to attract the best possible talent and have taken the decision to appoint a recruitment manager to look to attract the right calibre of individual who embrace our values and beliefs.

We continue to take a proactive approach to managing the company's financial risks; this is overseen by our finance and commercial directors who use both decades of experience and software to ensure they protect the interests of the business, its people, and its supply chain. Some of these are monthly CVR's, monthly management accounts, cashflow monitoring (short/medium/long) all of which forms the basis of our monthly directors' board meeting.

Future Developments

Whilst high levels of inflation and rising interest rates have created elements of uncertainty, the strategic approach we have taken to generate our turnover and growth from a variety of disciplines means we are not exposed to any one sector of the industry. This approach gives us an ability to focus on areas less impacted by the uncertainty.

We are confident that our preconstruction director and his team will ensure the future will remain resolute and strong in its ability to generate its profitability and growth objectives. The decision taken to invest in developing our own principal contractor and framework revenue is already paying dividends, and this we feel will continue to be the case, providing work and opportunities less impacted by economic volatility. Whilst the housing market has softened it accounts for a small proportion of our income. However there remains an ongoing issue of demand outweighing supply and the social and affordable housing commitments by local authorities that this will continue to provide the amount of revenue we target from this sector. Commercial work particularly large scale industrial and government led projects continue to provide good quality opportunities that align to our skills and resource.

We passionately believe in our business responsibility, and that our profits give us the ability to promote and deliver social value and sustainability benefits. This is something any responsible company should be doing; although, we don't see this to be the case, amongst many other companies in the industry, and is a key differentiator we hold when clients consider who to partner with. In the last 12 months we have given over 80 days of time from people within the business and over £80,000 to charities and social enterprises and have a targeted carbon reduction plan managed by our in-house Sustainability Manager and see this continuing in the future.

Approved by the Board on 15 May 2023 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 2022.

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 (2021 : £178,476) 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 2022.

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 May 2023 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 2022, 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 2022 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.

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.

Continued on next page

Continued from previous page

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.

Continued on next page

Continued from previous page

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.



Steven Hornshaw (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

15 May 2023

Howard Civil Engineering Limited
Annual Report and Financial Statements
Profit and Loss Account for the year ended 31 July 2022

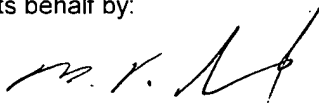
	Note	2022 £	2021 £
Turnover	3	34,438,648	23,606,055
Cost of sales		<u>(31,737,132)</u>	<u>(21,893,058)</u>
Gross profit		2,701,516	1,712,997
Administrative expenses		(1,658,745)	(1,446,163)
Other operating income	5	<u>194,273</u>	<u>104,016</u>
Operating profit	6	1,237,044	370,850
Interest receivable and similar income	8	2,742	3,601
Interest payable and similar expenses	9	(74,676)	(71,107)
Exceptional item	4	<u>(643,073)</u>	<u>-</u>
Profit on ordinary activities before taxation		522,037	303,344
Tax on profit	11	<u>(108,830)</u>	<u>83,420</u>
Profit for the financial year		413,207	386,764
Profit and loss account brought forward		1,888,373	1,680,085
Dividends paid		<u>(178,476)</u>	<u>(178,476)</u>
Profit and loss account carried forward		<u><u>2,123,104</u></u>	<u><u>1,888,373</u></u>

The above results were derived from continuing operations.

There is no other comprehensive income.

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	12	867,820	966,842
Current assets			
Debtors	13	8,647,605	5,089,627
Cash at bank and in hand		<u>2,349,663</u>	<u>1,805,093</u>
		10,997,268	6,894,720
Creditors: Amounts falling due within one year	15	<u>(9,434,927)</u>	<u>(5,465,466)</u>
Net current assets		<u>1,562,341</u>	<u>1,429,254</u>
Total assets less current liabilities		2,430,161	2,396,096
Creditors: Amounts falling due after more than one year	15	(304,186)	(505,355)
Provisions for liabilities	17	<u>(2,671)</u>	<u>(2,168)</u>
Net assets		<u>2,123,304</u>	<u>1,888,573</u>
Capital and reserves			
Called up share capital	18	200	200
Profit and loss account	19	<u>2,123,104</u>	<u>1,888,373</u>
		<u>2,123,304</u>	<u>1,888,573</u>

These financial statements were approved and authorised for issue by the Board on 15 May 2023 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 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		413,207	386,764
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	63,935	9,093
Interest received	8	(2,742)	(3,601)
Interest paid	9	74,676	71,107
Taxation	11	<u>108,830</u>	<u>(83,420)</u>
		657,906	379,943
Working capital adjustments			
(Increase)/decrease in trade and other debtors	13	(3,648,384)	183,389
Increase in trade and other creditors	15	<u>3,535,709</u>	<u>191,388</u>
Cash generated from operations		545,231	754,720
Taxation received/(paid)		<u>148,967</u>	<u>(35,619)</u>
Net cash flow from operating activities		694,198	719,101
Cash flows from investing activities			
Interest received	8	2,742	3,601
Acquisitions of tangible fixed assets	12	-	(583,511)
Proceeds from sale of tangible fixed assets	12	<u>35,087</u>	<u>-</u>
Net cash flows from investing activities		37,829	(579,910)
Cash flows from financing activities			
Interest paid	9	(74,676)	(71,107)
Proceeds from bank borrowing draw downs		-	250,000
Repayment of bank borrowing		(87,949)	(51,810)
Proceeds from other borrowing draw downs		153,644	50,384
Repayment of other borrowing		-	(95,573)
Dividends paid		<u>(178,476)</u>	<u>(178,476)</u>
Net cash flows from financing activities		<u>(187,457)</u>	<u>(96,582)</u>
Net increase in cash and cash equivalents		544,570	42,609
Cash and cash equivalents at 1 August 2021		<u>1,805,093</u>	<u>1,762,484</u>
Cash and cash equivalents at 31 July 2022		<u><u>2,349,663</u></u>	<u><u>1,805,093</u></u>

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 £4,317,663 (2021: £2,716,232).

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
Freehold buildings	5% straight line
Short leasehold property	Straight line over the life of the lease

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

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.

3 Turnover

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

	2022 £	2021 £
Building and civil engineering services - all UK	<u>34,438,648</u>	<u>23,606,055</u>

4 Exceptional item

The exceptional item relates to a fine from the Health & Safety Executive, in relation to an incident on a construction site in 2015 where the company acted as principal contractor.

5 Other operating income

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

	2022 £	2021 £
Grants received	84,569	48,912
Rent receivable	<u>109,704</u>	<u>55,104</u>
	<u>194,273</u>	<u>104,016</u>

6 Operating profit

Operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	63,935	9,093
Operating lease charges	122,844	96,503
Auditor's remuneration	<u>12,500</u>	<u>12,500</u>

7 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>12,500</u>	<u>12,500</u>

8 Interest receivable and similar income

	2022 £	2021 £
Bank interest receivable	1,301	645
Other interest receivable	<u>1,441</u>	<u>2,956</u>
	<u>2,742</u>	<u>3,601</u>

9 Interest payable and similar charges

	2022 £	2021 £
Bank loan interest	14,866	7,644
Other loan interest	<u>59,810</u>	<u>63,463</u>
	<u>74,676</u>	<u>71,107</u>

10 Staff costs

Employee costs, including directors, during the year:

	2022 £	2021 £
Wages and salaries	2,221,412	1,445,201
Social security costs	155,532	128,855
Other pension costs	<u>42,744</u>	<u>39,717</u>
	<u>2,419,688</u>	<u>1,613,773</u>

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

	2022 No.	2021 No.
Production	27	27
Administration	<u>20</u>	<u>20</u>
	<u>47</u>	<u>47</u>

11 Tax on profit

	2022 £	2021 £
Current taxation		
UK corporation tax	232,921	66,033
UK corporation tax adjustment to prior periods	<u>(124,594)</u>	<u>(149,316)</u>
	108,327	(83,283)
Deferred taxation		
Origination and reversal of timing differences	<u>503</u>	<u>(137)</u>
Tax on profit	<u>108,830</u>	<u>(83,420)</u>

The tax charge for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>522,037</u>	<u>303,344</u>
Corporation tax at standard rate	99,187	57,635
Expenses not deductible for tax purposes	129,012	6,670
Effect of tax losses	(8,581)	-
UK deferred tax expense (credit) relating to changes in tax rates or laws	640	-
Decrease in current tax from adjustment for prior periods	(124,594)	(149,316)
Origination and reversal of timing differences	<u>13,166</u>	<u>1,591</u>
Total tax charge/(credit)	<u>108,830</u>	<u>(83,420)</u>

12 Tangible fixed assets

	Freehold land and buildings £	Short leasehold property £	Total £
Cost			
At 1 August 2021	442,876	583,511	1,026,387
Disposals	<u>-</u>	<u>(35,087)</u>	<u>(35,087)</u>
At 31 July 2022	<u>442,876</u>	<u>548,424</u>	<u>991,300</u>
Depreciation			
At 1 August 2021	59,545	-	59,545
Charge for the year	<u>9,093</u>	<u>54,842</u>	<u>63,935</u>
At 31 July 2022	<u>68,638</u>	<u>54,842</u>	<u>123,480</u>
Net book value			
At 31 July 2021	<u>383,331</u>	<u>583,511</u>	<u>966,842</u>
At 31 July 2022	<u>374,238</u>	<u>493,582</u>	<u>867,820</u>

13 Debtors

	2022 £	2021 £
Trade debtors	1,716,714	1,027,077
Amounts recoverable on contracts	4,317,663	2,716,232
Other debtors	2,452,762	1,153,574
Corporation tax	58,912	149,318
Prepayments	101,554	43,426
	<u>8,647,605</u>	<u>5,089,627</u>

14 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>2,349,663</u>	<u>1,805,093</u>

15 Creditors:

Amounts falling due within one year

	2022 £	2021 £
Bank loans	89,511	89,511
Other loans	722,504	455,640
Trade creditors	7,112,759	4,498,009
Social security and other taxes	68,232	56,156
Other creditors	788,834	200,940
Corporation tax	232,921	66,033
Accruals	420,166	99,177
	<u>9,434,927</u>	<u>5,465,466</u>

Amounts falling due after more than one year

Bank loans	304,186	392,135
Other loans	-	113,220
	<u>304,186</u>	<u>505,355</u>

16 Security

The bank loans totalling £393,697 (2021: £481,646) are secured by a legal charge over the freehold land and buildings.

Other loans totalling £235,181 (2021: £211,836) are secured by a legal charge over the assets of a connected company.

17 Provisions

	Deferred tax £	Total £
At 1 August 2021	2,168	2,168
Increase in existing provisions	<u>503</u>	<u>503</u>
At 31 July 2022	<u><u>2,671</u></u>	<u><u>2,671</u></u>

Analysis of deferred tax is as follows:

	£
2022	
Capital allowances in excess of depreciation	<u>2,671</u>
2021	
Capital allowances in excess of depreciation	<u><u>2,168</u></u>

18 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
'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><u>200</u></u>	<u><u>200</u></u>	<u><u>200</u></u>	<u><u>200</u></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.

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:

	2022 £	2021 £
Within one year	126,256	132,236
Between one and five years	484,512	482,872
After five years	<u>410,000</u>	<u>530,000</u>
	<u>1,020,768</u>	<u>1,145,108</u>

21 Analysis of changes in net cash

	At 1 August 2021	Cash Flows	Non-cash changes Other changes	At 31 July 2022
	£	£	£	£
Long-term borrowings	(505,355)	-	201,169	(304,186)
Short-term borrowings	<u>(545,151)</u>	<u>(65,695)</u>	<u>(201,169)</u>	<u>(812,015)</u>
Total liabilities	(1,050,506)	(65,695)	-	(1,116,201)
Cash and cash equivalents	1,805,093	544,570	-	2,349,663
Total net cash	<u>754,587</u>	<u>478,875</u>	<u>-</u>	<u>1,233,462</u>

22 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 £42,744 (2021 - £39,717).

23 Contingent liabilities

The company has given a joint and several costs overrun guarantee together with a connected company amounting to £646,000 in respect of the business activities of another connected company.

24 Related party transactions

During the year there were advances to directors totalling £514,676 (2021: £1,030,300) and repayments from directors totalling £441,954 (2021: £1,055,753) in respect of loans with the company. At the balance sheet date of the current year the amount due to directors was £14,860. At the balance sheet date of the prior year the amount due to directors was £87,582.

The loans were interest free and repayable on demand.

Income from related parties

	Other related parties £
2022	
Sale of goods	<u>727,653</u>
Amounts receivable from related party	<u>291,837</u>

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

Expenditure with related parties

	Other related parties £
2022	
Purchase of goods	<u>3,404,608</u>
Amounts payable to related party	<u>610,183</u>

	Other related parties £
2021	
Purchase of goods	<u>1,824,405</u>
Amounts payable to related party	<u>996,941</u>

Loans to related parties

	Other related parties £
2022	
At start of year	811,230
Advanced	1,520,080
Repaid	<u>(259,042)</u>
At end of year	<u>2,072,268</u>

	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>

Loans from related parties

	Other related parties £
2022	
At start of year	568,860
Advanced	100,000
Interest transactions	<u>53,644</u>
At end of year	<u>722,504</u>
	Other related parties £
2021	
At start of year	1,130,939
Repaid	(621,068)
Interest transactions	<u>58,989</u>
At end of year	<u>568,860</u>