

Howard Civil Engineering Limited

Company Registration Number 04656708

Annual Report and Financial Statements

Year ended 31 July 2023



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Howard Civil Engineering Limited
Annual Report and Financial Statements
Company Information

Directors	M T Howard G D Howard P Howard
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 2023.

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 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:

Firstly, turnover growth of 38% meaning a year end figure of £47,588,554 (2022: £34,438,648)

Underlying profit on ordinary activities increased by 63% £849,348 (2022: £522,037)

The balance sheet also remains strong, with a 38% uplift in value to £2,920,316 (2022: £2,123,304) and cash position of £3,620,841 representing a 54% uplift (2022 2,349,663)

We are pleased by the underlying position, and particularly 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 & financial considerations.

These risks are assessed and reviewed on an ongoing basis by the directors and the senior leadership team (SLT). We are excited and positive with the restructured SLT that has been developed through internal promotions of long serving colleagues who understand not only our values but also our objectives. This decision both recognises key individuals and strengthens the present and future direction of the business. The significant reduction in inflation post year end brings additional confidence for workload, and also margin opportunity. This is in stark contrast to the situation faced by the industry over the past couple of years which, whilst we have managed and navigated well, did impact margin. We believe a reverse effect will be seen in future reports that reflect the opportunity of negotiation and reduction in costs.

One of the key components to a successful business are its people and we recognise this more than ever as the business continues to grow and develop. Whilst planning and processes provide the structure and control, our people are the key differentiator in our ability to meet and exceed our objectives. Because of our significant growth over the last 18 months, we have reviewed and restructured senior managers and departments to ensure that our people are working in the most effective ways to provide individual and collective success.

We are proud of our staff retention levels and the fact the business retains colleagues from its incorporation in 2003 evidences this. We continue to develop this through our robust apprenticeship programme and dedicated HR and recruitment managers who ensure we are recruiting and retaining the people with values and abilities that align to the company.

We continue to take a proactive approach to managing the financial industry 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 project performance reviews, monthly management accounts, cashflow monitoring (short/medium/long) all of which forms the basis of our monthly directors' board meeting.

Future Developments

Our experience and sector intelligence are giving positive signals around the short and longer term outlooks for the sector and that confidence, desire, and funding both in the private and public sector within our areas of operation remain positive and plentiful.

The whole business, led by our pre-construction director and his department are confident we will not only maintain and nurture our existing clients and sectors but also develop and expand both clients and sectors over the upcoming financial year. Principal Contractor opportunities continue to be a focus and source of revenue, and this will continue. However, we see excellent opportunities within our sub-contracting operations, particularly on larger more unique schemes that provide equally exciting work streams at desired margins. Whilst the housing market remains static in terms of margin and opportunities, our previous strategies to reduce our exposure in this sector have paid dividends and accounts for very little of our income going forward.

We remain committed to our corporate social responsibility, and that our profits give us the ability to promote and deliver social value and sustainability benefits. With a dedicated CSR manager, we continue to support both physically and financially those less fortunate with over £320,000 being donated since 2019.

We continue our journey to zero carbon with an ongoing plan and strategy into how we achieve this. We recognise our sector is a large contributor to carbon being generated, so in conjunction with our supply chain, we are implementing measures that continue to reduce the business's carbon footprint year on year.

Approved by the Board on 4/6/2024 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 2023.

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 (resigned 31 December 2023)

Dividends

Interim dividends of £178,476 (2022 : £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 2023.

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 4/6/2024 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 2023, 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 2023 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.

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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.



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

Date: 4/6/24

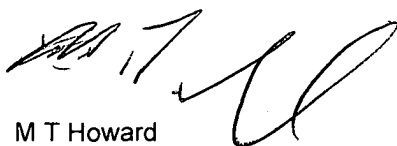
	Note	2023 £	2022 £
Turnover	3	47,588,554	34,438,648
Cost of sales		<u>(44,833,546)</u>	<u>(31,737,132)</u>
Gross profit		2,755,008	2,701,516
Administrative expenses		(2,005,948)	(1,658,745)
Other operating income	5	<u>154,477</u>	<u>194,273</u>
Operating profit	6	903,537	1,237,044
Interest receivable and similar income	8	17,622	2,742
Interest payable and similar expenses	9	(71,811)	(74,676)
Exceptional item	4	<u>-</u>	<u>(643,073)</u>
Profit on ordinary activities before taxation		849,348	522,037
Tax on profit	11	<u>126,140</u>	<u>(108,830)</u>
Profit for the financial year		975,488	413,207
Profit and loss account brought forward		2,123,104	1,888,373
Dividends paid		<u>(178,476)</u>	<u>(178,476)</u>
Profit and loss account carried forward		<u>2,920,116</u>	<u>2,123,104</u>

The above results were derived from continuing operations.

There is no other comprehensive income.

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	12	845,151	867,820
Current assets			
Debtors	13	8,754,947	8,647,605
Cash at bank and in hand		<u>3,620,841</u>	<u>2,349,663</u>
		12,375,788	10,997,268
Creditors: Amounts falling due within one year	15	<u>(10,217,784)</u>	<u>(9,434,927)</u>
Net current assets		<u>2,158,004</u>	<u>1,562,341</u>
Total assets less current liabilities		3,003,155	2,430,161
Creditors: Amounts falling due after more than one year	15	(64,815)	(304,186)
Provisions for liabilities	17	<u>(18,024)</u>	<u>(2,671)</u>
Net assets		<u><u>2,920,316</u></u>	<u><u>2,123,304</u></u>
Capital and reserves			
Called up share capital	18	200	200
Profit and loss account	19	<u>2,920,116</u>	<u>2,123,104</u>
		<u><u>2,920,316</u></u>	<u><u>2,123,304</u></u>

These financial statements were approved and authorised for issue by the Board on 4/6/2024 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 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		975,488	413,207
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	65,356	63,935
Interest received	8	(17,622)	(2,742)
Interest paid	9	71,811	74,676
Taxation	11	<u>(126,140)</u>	<u>108,830</u>
		968,893	657,906
Working capital adjustments			
Increase in trade and other debtors	13	(166,254)	(3,648,384)
Increase in trade and other creditors	15	<u>1,419,711</u>	<u>3,535,709</u>
Cash generated from operations		2,222,350	545,231
Taxation received		<u>58,912</u>	<u>148,967</u>
Net cash flow from operating activities		2,281,262	694,198
Cash flows from investing activities			
Interest received	8	17,622	2,742
Acquisitions of tangible fixed assets	12	(42,687)	-
Proceeds from sale of tangible fixed assets	12	<u>-</u>	<u>35,087</u>
Net cash flows from investing activities		(25,065)	37,829
Cash flows from financing activities			
Interest paid	9	(71,811)	(74,676)
Repayment of bank borrowing		(760,649)	(87,949)
Proceeds from other borrowing draw downs		25,917	153,644
Dividends paid		<u>(178,476)</u>	<u>(178,476)</u>
Net cash flows from financing activities		<u>(985,019)</u>	<u>(187,457)</u>
Net increase in cash and cash equivalents		1,271,178	544,570
Cash and cash equivalents at 1 August 2022		<u>2,349,663</u>	<u>1,805,093</u>
Cash and cash equivalents at 31 July 2023		<u><u>3,620,841</u></u>	<u><u>2,349,663</u></u>

The notes on pages 12 to 22 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 £4,280,266 (2022: £4,317,663).

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:

	2023 £	2022 £
Building and civil engineering services - all UK	<u>47,588,554</u>	<u>34,438,648</u>

4 Exceptional item

The exceptional item in the prior period 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:

	2023 £	2022 £
Grants received	44,773	84,569
Rent receivable	<u>109,704</u>	<u>109,704</u>
	<u>154,477</u>	<u>194,273</u>

6 Operating profit

Operating profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	65,356	63,935
Operating lease charges	123,015	122,844
Auditor's remuneration	<u>20,500</u>	<u>12,500</u>

7 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>20,500</u>	<u>12,500</u>

8 Interest receivable and similar income

	2023 £	2022 £
Bank interest receivable	17,622	1,301
Other interest receivable	-	1,441
	<u>17,622</u>	<u>2,742</u>

9 Interest payable and similar charges

	2023 £	2022 £
Bank loan interest	11,487	14,866
Other loan interest	60,324	59,810
	<u>71,811</u>	<u>74,676</u>

10 Staff costs

Employee costs, including directors, during the year:

	2023 £	2022 £
Wages and salaries	2,525,286	2,221,412
Social security costs	199,590	155,532
Other pension costs	34,014	42,744
	<u>2,758,890</u>	<u>2,419,688</u>

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

	2023 No.	2022 No.
Production	28	27
Administration	24	20
	<u>52</u>	<u>47</u>

11 Tax on profit

	2023 £	2022 £
Current taxation		
UK corporation tax	91,428	232,921
UK corporation tax adjustment to prior periods	<u>(232,921)</u>	<u>(124,594)</u>
	(141,493)	108,327
Deferred taxation		
Origination and reversal of timing differences	<u>15,353</u>	<u>503</u>
Tax on profit	<u>(126,140)</u>	<u>108,830</u>

The tax charge for the year is lower than (2022: higher than) the effective rate of corporation tax in the UK of 21% (2022: 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>849,348</u>	<u>522,037</u>
Corporation tax at effective rate	178,363	99,187
Expenses not deductible for tax purposes	15,614	129,012
Effect of tax losses	(109,217)	(8,581)
UK deferred tax expense (credit) relating to changes in tax rates or laws	15,353	640
Decrease in current tax from adjustment for prior periods	(232,921)	(124,594)
Origination and reversal of timing differences	<u>6,668</u>	<u>13,166</u>
Total tax (credit)/charge	<u>(126,140)</u>	<u>108,830</u>

12 Tangible fixed assets

	Freehold land and buildings £	Short leasehold property £	Total £
Cost			
At 1 August 2022	442,876	548,424	991,300
Additions	42,687	-	42,687
At 31 July 2023	485,563	548,424	1,033,987
Depreciation			
At 1 August 2022	68,638	54,842	123,480
Charge for the year	10,514	54,842	65,356
At 31 July 2023	79,152	109,684	188,836
Net book value			
At 31 July 2022	374,238	493,582	867,820
At 31 July 2023	406,411	438,740	845,151

13 Debtors

	2023 £	2022 £
Trade debtors	2,296,725	1,716,714
Amounts recoverable on contracts	4,280,266	4,317,663
Other debtors	2,076,149	2,452,762
Corporation tax	-	58,912
Prepayments	101,807	101,554
	<u>8,754,947</u>	<u>8,647,605</u>

14 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>3,620,841</u>	<u>2,349,663</u>

15 Creditors:

Amounts falling due within one year

	2023 £	2022 £
Bank loans	55,556	89,511
Other loans	261,098	722,504
Trade creditors	8,776,515	7,112,759
Social security and other taxes	76,018	68,232
Other creditors	574,614	788,834
Corporation tax	91,428	232,921
Accruals	<u>382,555</u>	<u>420,166</u>
	<u>10,217,784</u>	<u>9,434,927</u>
Amounts falling due after more than one year		
Bank loans	<u>64,815</u>	<u>304,186</u>

16 Security

Bank loans totalling £nil (2022: £216,198) are secured by a legal charge over the freehold land and buildings.

Other loans totalling £261,098 (2022: £235,181) are secured by a legal charge over the assets of a connected company.

17 Provisions

	Deferred tax £	Total £
At 1 August 2022	2,671	2,671
Increase in existing provisions	<u>15,353</u>	<u>15,353</u>
At 31 July 2023	<u>18,024</u>	<u>18,024</u>

Analysis of deferred tax is as follows:

2023	£
Capital allowances in excess of depreciation	<u>18,024</u>
2022	£
Capital allowances in excess of depreciation	<u>2,671</u>

18 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	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.

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:

	2023 £	2022 £
Within one year	123,605	126,256
Between one and five years	481,128	484,512
After five years	<u>290,000</u>	<u>410,000</u>
	<u>894,733</u>	<u>1,020,768</u>

21 Analysis of changes in net cash

	At 1 August 2022	Cash Flows	Non-cash changes Other changes	At 31 July 2023
	£	£	£	£
Long-term borrowings	(304,186)	-	239,371	(64,815)
Short-term borrowings	<u>(812,015)</u>	<u>734,732</u>	<u>(239,371)</u>	<u>(316,654)</u>
Total liabilities	(1,116,201)	734,732	-	(381,469)
Cash and cash equivalents	2,349,663	1,271,178	-	3,620,841
Total net cash	<u>1,233,462</u>	<u>2,005,910</u>	<u>-</u>	<u>3,239,372</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 £34,014 (2022 - £42,744).

23 Related party transactions

During the year there were advances to directors totalling £40,873 (2022: £514,676) and repayments from directors totalling £2,888 (2022: £441,954) in respect of loans with the company. At the balance sheet date of the current year the amount due from directors was £23,125. At the balance sheet date of the prior year the amount due to directors was £14,860.

The loans were interest free and repayable on demand.

Income from related parties

	Other related parties £
2023	
Sale of goods	<u>1,113,658</u>
Amounts receivable from related party	<u>855,870</u>

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

Expenditure with related parties

	Other related parties £
2023	
Purchase of goods	<u>5,355,402</u>
Amounts payable to related party	<u>2,449,967</u>

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

Loans to related parties

	Other related parties £
2023	
At start of year	2,072,268
Advanced	1,676,884
Repaid	<u>(2,381,956)</u>
At end of year	<u>1,367,196</u>

	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>

Loans from related parties

	Other related parties £
2023	
At start of year	722,504
Advanced	53,148
Repaid	<u>(514,554)</u>
At end of year	<u>261,098</u>
2022	
At start of year	568,860
Advanced	100,000
Interest transactions	<u>53,644</u>
At end of year	<u>722,504</u>