

COMPANY REGISTRATION NUMBER: 07080098

**E C SURFACING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
29 FEBRUARY 2020**



E C SURFACING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J L Huxford
E Davis
K Drant
L Sutton

Company secretary

J L Huxford

Registered office

Europa Way
Off Atherton Way
Brigg
North Lincolnshire
DN20 8UN

Auditor

Streets Audit LLP
Chartered Accountants & statutory auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

E C SURFACING LIMITED
STRATEGIC REPORT
YEAR ENDED 29 FEBRUARY 2020

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The principal activity of the company during the period was that of road surfacing.

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed. The directors review and manage these indicators based on the monthly management accounts.

Turnover of the company rose by 39.8% to £15,600,639. Despite the coronavirus pandemic the directors are confident the turnover in 2020/21 will exceed the turnover 2018/19.

The overall gross margin fell from 21.1% to 19.1%.

The business has shown good progress during the year and this has left the company in a good financial position at the year end.

Overall operating profit was £1,369,701 despite strong market competition. After taxation £1,085,405 has been added to reserves.

Return on capital employed has increased from 53.1% to 53.8% and remains satisfactory. Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities.

As for many businesses of our size, the business environment in which we operate continues to be challenging but we are confident that the company will maintain its market share. The company operates in markets where costs are constantly under review. The company manages its risks by continuing to develop its products and services and by working with customers to understand fully their requirements.

The company's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk is managed by ensuring the banking facilities for the company are adequate to ensure liabilities can be settled as they fall due.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control.

E C SURFACING LIMITED
STRATEGIC REPORT *(continued)*
YEAR ENDED 29 FEBRUARY 2020

This report was approved by the board of directors on 18 February 2021 and signed on behalf of the board by:



J L Huxford
Director

Registered office:
Europa Way
Off Atherton Way
Brigg
North Lincolnshire
DN20 8UN

E C SURFACING LIMITED
DIRECTORS' REPORT
YEAR ENDED 29 FEBRUARY 2020

The directors present their report and the financial statements of the company for the year ended 29 February 2020.

Directors

The directors who served the company during the year were as follows:

J L Huxford
E Davis
K Drant
L Sutton

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Events after the end of the reporting period

Subsequent to the year-end, the UK has experienced a pandemic of the coronavirus. The potential effects to the company and its future prospects cannot be fully quantified but the directors remain committed to the protection of the business. This is being regularly reviewed by the directors. In addition the directors are mindful of the significant ongoing support being offered by the Government. Accordingly the financial statements have been prepared on a going concern basis.

Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

E C SURFACING LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 29 FEBRUARY 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 18 February 2021 and signed on behalf of the board by:



J L Huxford
Director

Registered office:
Europa Way
Off Atherton Way
Brigg
North Lincolnshire
DN20 8UN

E C SURFACING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E C SURFACING
LIMITED
YEAR ENDED 29 FEBRUARY 2020

Opinion

We have audited the financial statements of E C Surfacing Limited (the 'company') for the year ended 29 February 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006

The prior year financial statements were unaudited. Accordingly, the comparatives included in these financial statements are unaudited..

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

E C SURFACING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E C SURFACING
LIMITED *(continued)*
YEAR ENDED 29 FEBRUARY 2020

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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.

E C SURFACING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E C SURFACING
LIMITED *(continued)*
YEAR ENDED 29 FEBRUARY 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 to 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

E C SURFACING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E C SURFACING LIMITED *(continued)*

YEAR ENDED 29 FEBRUARY 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Robin Lee (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered Accountants & statutory auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

19 February 2021

E C SURFACING LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 29 FEBRUARY 2020

	Note	2020 £	2019 £
TURNOVER	4	15,600,639	11,160,781
Cost of sales		<u>12,616,970</u>	<u>8,808,228</u>
GROSS PROFIT		2,983,669	2,352,553
Administrative expenses		<u>1,613,968</u>	<u>1,251,974</u>
OPERATING PROFIT	5	1,369,701	1,100,579
Other interest receivable and similar income	9	2,650	888
Interest payable and similar expenses	10	<u>20,166</u>	<u>13,825</u>
PROFIT BEFORE TAXATION		1,352,185	1,087,642
Tax on profit	11	<u>266,780</u>	<u>214,772</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>1,085,405</u>	<u>872,870</u>
Dividends paid and payable	12	(642,263)	(553,138)
RETAINED EARNINGS AT THE START OF THE YEAR		<u>1,775,834</u>	<u>1,456,102</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u>2,218,976</u>	<u>1,775,834</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

E C SURFACING LIMITED
STATEMENT OF FINANCIAL POSITION
29 FEBRUARY 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	1,423,297	1,345,338
CURRENT ASSETS			
Debtors	14	2,526,852	1,697,130
Cash at bank and in hand		<u>1,010,206</u>	<u>1,324,497</u>
		3,537,058	3,021,627
CREDITORS: amounts falling due within one year	15	<u>2,414,932</u>	<u>2,294,981</u>
NET CURRENT ASSETS		<u>1,122,126</u>	<u>726,646</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,545,423</u>	<u>2,071,984</u>
CREDITORS: amounts falling due after more than one year	16	139,097	144,026
PROVISIONS			
Taxation including deferred tax	18	<u>187,250</u>	<u>152,024</u>
NET ASSETS		<u><u>2,219,076</u></u>	<u><u>1,775,934</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Profit and loss account	23	<u>2,218,976</u>	<u>1,775,834</u>
SHAREHOLDERS FUNDS		<u><u>2,219,076</u></u>	<u><u>1,775,934</u></u>

These financial statements were approved by the board of directors and authorised for issue on 18 February 2021, and are signed on behalf of the board by:



J L Huxford
Director

Company registration number: 07080098

The notes on pages 13 to 20 form part of these financial statements.

E C SURFACING LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 29 FEBRUARY 2020

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,085,405	872,870
<i>Adjustments for:</i>		
Depreciation of tangible assets	440,861	334,945
Other interest receivable and similar income	(2,650)	(888)
Interest payable and similar expenses	20,166	13,825
Loss on disposal of intangible assets	4,253	28,873
Tax on profit	266,780	214,772
Accrued expenses/(income)	116,810	(168,156)
<i>Changes in:</i>		
Trade and other debtors	(829,722)	(41,462)
Trade and other creditors	(5,490)	(29,709)
Cash generated from operations	1,096,413	1,225,070
Interest paid	(20,166)	(13,825)
Interest received	2,650	888
Tax paid	(207,003)	(221,538)
Net cash from operating activities	<u>871,894</u>	<u>990,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(533,452)	(655,489)
Proceeds from sale of tangible assets	14,632	36,040
Proceeds from sale of intangible assets	(4,253)	(28,873)
Net cash used in investing activities	<u>(523,073)</u>	<u>(648,322)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	10,858	123,930
Payments of finance lease liabilities	(31,707)	196,894
Dividends paid	(642,263)	(553,138)
Net cash used in financing activities	<u>(663,112)</u>	<u>(232,314)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(314,291)</u>	109,959
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,324,497</u>	1,214,538
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,010,206</u>	<u>1,324,497</u>

The notes on pages 13 to 20 form part of these financial statements.

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 FEBRUARY 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Europa Way, Off Atherton Way, Brigg, North Lincolnshire, DN20 8UN.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Tangible fixed assets are recognised at cost, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 29 FEBRUARY 2020

3. Accounting policies *(continued)*

Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date.

Deferred tax is measured 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 difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10% to 30% straight line
Fixtures and fittings	- 15% straight line
Motor vehicles	- 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 29 FEBRUARY 2020

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Road surfacing	<u>15,600,639</u>	<u>11,160,781</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2020	2019
	£	£
Depreciation of tangible assets	440,861	334,945
Loss on disposal of intangible assets	4,253	28,873
Impairment of trade debtors	<u>314,774</u>	<u>146,081</u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>4,500</u>	<u>—</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Total staff	<u>65</u>	<u>61</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 29 FEBRUARY 2020

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	2,299,119	1,856,222
Social security costs	233,327	208,116
Other pension costs	65,710	102,692
	<u>2,598,156</u>	<u>2,167,030</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	117,869	156,561
Company contributions to defined contribution pension plans	19,200	65,450
	<u>137,069</u>	<u>222,011</u>

9. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>2,650</u>	<u>888</u>

10. Interest payable and similar expenses

	2020	2019
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>20,166</u>	<u>13,825</u>

11. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	231,554	207,003
Adjustments in respect of prior periods	—	(1,850)
Total current tax	<u>231,554</u>	<u>205,153</u>
Deferred tax:		
Origination and reversal of timing differences	<u>35,226</u>	<u>9,619</u>
Tax on profit	<u>266,780</u>	<u>214,772</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 29 FEBRUARY 2020

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	<u>1,352,185</u>	<u>1,087,642</u>
Profit on ordinary activities by rate of tax	256,915	206,652
Adjustment to tax charge in respect of prior periods	–	(1,850)
Permanent differences	<u>9,865</u>	<u>9,970</u>
Tax on profit	<u>266,780</u>	<u>214,772</u>

12. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>642,263</u>	<u>553,138</u>

13. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 March 2019	84,446	1,931,436	34,557	8,700	2,059,139
Additions	16,648	493,593	23,211	–	533,452
Disposals	–	(37,559)	–	–	(37,559)
At 29 February 2020	<u>101,094</u>	<u>2,387,470</u>	<u>57,768</u>	<u>8,700</u>	<u>2,555,032</u>
Depreciation					
At 1 March 2019	–	698,161	11,222	4,418	713,801
Charge for the year	–	433,616	6,175	1,070	440,861
Disposals	–	(22,927)	–	–	(22,927)
At 29 February 2020	<u>–</u>	<u>1,108,850</u>	<u>17,397</u>	<u>5,488</u>	<u>1,131,735</u>
Carrying amount					
At 29 February 2020	<u>101,094</u>	<u>1,278,620</u>	<u>40,371</u>	<u>3,212</u>	<u>1,423,297</u>
At 28 February 2019	<u>84,446</u>	<u>1,233,275</u>	<u>23,335</u>	<u>4,282</u>	<u>1,345,338</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 29 FEBRUARY 2020

14. Debtors

	2020	2019
	£	£
Trade debtors	1,875,812	1,160,476
Prepayments and accrued income	645,844	420,214
Other debtors	5,196	116,440
	<u>2,526,852</u>	<u>1,697,130</u>

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,381,120	1,400,645
Accruals and deferred income	183,516	66,706
Corporation tax	231,554	207,003
Social security and other taxes	145,174	129,844
Obligations under finance leases and hire purchase contracts	262,712	289,490
Director loan accounts	154,265	143,407
Other creditors	56,591	57,886
	<u>2,414,932</u>	<u>2,294,981</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2020	2019
	£	£
Hire purchase agreements	<u>262,712</u>	<u>289,490</u>

16. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Obligations under finance leases and hire purchase contracts	<u>139,097</u>	<u>144,026</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2020	2019
	£	£
Hire purchase agreement	<u>139,097</u>	<u>144,026</u>

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17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	262,712	289,490
Later than 1 year and not later than 5 years	<u>139,097</u>	<u>144,026</u>
	<u>401,809</u>	<u>433,516</u>

18. Provisions

	Deferred tax (note 19) £
At 1 March 2019	152,024
Additions	<u>35,226</u>
At 29 February 2020	<u>187,250</u>

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 18)	<u>187,250</u>	<u>152,024</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	<u>187,250</u>	<u>152,024</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £46,510 (2019: £37,242).

21. Financial instruments

For financial instruments measured at fair value, the basis for determining fair value must be disclosed. When a valuation technique is used, the assumptions applied in determining fair value for each class of financial assets or financial liabilities must be disclosed. If a reliable measure of fair value is no longer available for ordinary or preference shares measured at fair value through profit or loss, this must also be disclosed.

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22. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Analysis of changes in net debt

	At 1 Mar 2019	Cash flows	At 29 Feb 2020
	£	£	£
Cash at bank and in hand	1,324,497	(314,291)	1,010,206
Debt due within one year	(432,897)	15,920	(416,977)
Debt due after one year	<u>(144,026)</u>	<u>4,929</u>	<u>(139,097)</u>
	<u>747,574</u>	<u>(293,442)</u>	<u>454,132</u>

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	15,000	15,000
Later than 1 year and not later than 5 years	<u>40,000</u>	<u>55,000</u>
	<u>55,000</u>	<u>70,000</u>

26. Related party transactions

The company was under the control of the shareholders throughout the current and previous year. J L Huxford is the managing director and majority shareholder of the company.

Dividends paid in relation to the directors interests in the company were as follows:

	2020	2019
	£	£
J L Huxford	202,773	208,631
K Drant	181,976	194,465
L Sutton	169,034	88,850
E Davis	<u>88,480</u>	<u>61,191</u>
	<u>642,263</u>	<u>553,137</u>

No other transactions with related parties were undertaken as such as are required to be disclosed under FRS 102.