

COMPANY REGISTRATION NUMBER: 07080098

**E C SURFACING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2022**



E C SURFACING LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2022

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E C SURFACING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J L Huxford
E Davis
K Drant (Resigned 2 March 2021)
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 28 FEBRUARY 2022

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 62.2% to £18,358,578. The directors are confident the turnover in 2022/23 will continue to improve.

The overall gross margin fell from 18.5% to 14.5% but remains satisfactory.

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 £996,803 despite strong market competition. After taxation £761,172 has been added to reserves.

Return on capital employed has decreased from 31.8% to 31.5% 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.

During the year the company redeemed and cancelled 15 A ordinary shares.

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 28 FEBRUARY 2022

This report was approved by the board of directors on 15 June 2022 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 28 FEBRUARY 2022

The directors present their report and the financial statements of the company for the year ended 28 February 2022.

Directors

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

J L Huxford

E Davis

L Sutton

K Drant

(Resigned 2 March 2021)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Events after the end of the reporting period

On 7 April 2022 the company purchased and cancelled 20 A shares.

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 28 FEBRUARY 2022

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 15 June 2022 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 28 FEBRUARY 2022

Opinion

We have audited the financial statements of E C Surfacing Limited (the 'company') for the year ended 28 February 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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 28 February 2022 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.

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

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.

E C SURFACING LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E C SURFACING
LIMITED *(continued)*
YEAR ENDED 28 FEBRUARY 2022

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 28 FEBRUARY 2022

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.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. team regularly and the team remained alert to instances of non-compliance throughout the audit. We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

identified laws and regulations were communicated within the audit.

E C SURFACING LIMITED

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

YEAR ENDED 28 FEBRUARY 2022

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

16 June 2022

E C SURFACING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 28 FEBRUARY 2022

	Note	2022 £	2021 £
TURNOVER	4	18,358,578	11,318,602
Cost of sales		<u>15,699,167</u>	<u>9,226,567</u>
GROSS PROFIT		2,659,411	2,092,035
Administrative expenses		1,670,333	1,127,620
Other operating income	5	<u>7,725</u>	<u>37,500</u>
OPERATING PROFIT	6	996,803	1,001,915
Other interest receivable and similar income	10	17	111
Interest payable and similar expenses	11	<u>22,754</u>	<u>17,195</u>
PROFIT BEFORE TAXATION		974,066	984,831
Tax on profit	12	<u>212,894</u>	<u>164,400</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>761,172</u>	<u>820,431</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

E C SURFACING LIMITED
STATEMENT OF FINANCIAL POSITION
28 FEBRUARY 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	14	1,567,229	1,558,248
CURRENT ASSETS			
Debtors	15	4,001,978	3,220,666
Cash at bank and in hand		846,456	1,239,945
		<u>4,848,434</u>	<u>4,460,611</u>
CREDITORS: amounts falling due within one year	16	<u>3,246,762</u>	<u>2,872,097</u>
NET CURRENT ASSETS		<u>1,601,672</u>	<u>1,588,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,168,901</u>	<u>3,146,762</u>
CREDITORS: amounts falling due after more than one year	17	240,167	318,278
PROVISIONS			
Taxation including deferred tax	19	<u>326,968</u>	<u>234,117</u>
NET ASSETS		<u>2,601,766</u>	<u>2,594,367</u>
CAPITAL AND RESERVES			
Called up share capital	23	85	100
Profit and loss account	24	<u>2,601,681</u>	<u>2,594,267</u>
SHAREHOLDERS FUNDS		<u>2,601,766</u>	<u>2,594,367</u>

These financial statements were approved by the board of directors and authorised for issue on 15 June 2022, and are signed on behalf of the board by:



J L Huxford
Director

Company registration number: 07080098

The notes on pages 14 to 22 form part of these financial statements.

E C SURFACING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 28 FEBRUARY 2022

	Called up share capital £	Profit and loss account £	Total £
AT 1 MARCH 2020	100	2,218,976	2,219,076
Profit for the year	—	820,431	820,431
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	820,431	820,431
Dividends paid and payable 13	—	(445,140)	(445,140)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	(445,140)	(445,140)
AT 28 FEBRUARY 2021	100	2,594,267	2,594,367
Profit for the year	—	761,172	761,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	761,172	761,172
Dividends paid and payable 13	—	(402,345)	(402,345)
Cancellation of subscribed capital	(15)	—	(15)
Redemption of shares	—	(351,413)	(351,413)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	(15)	(753,758)	(753,773)
AT 28 FEBRUARY 2022	<u>85</u>	<u>2,601,681</u>	<u>2,601,766</u>

The notes on pages 14 to 22 form part of these financial statements.

E C SURFACING LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 28 FEBRUARY 2022

	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	761,172	820,431
<i>Adjustments for:</i>		
Depreciation of tangible assets	542,208	486,167
Other interest receivable and similar income	(17)	(111)
Interest payable and similar expenses	22,754	17,195
Gains on disposal of tangible assets	(6,637)	(11,001)
Tax on profit	212,894	164,400
Accrued income	(39,912)	(110,356)
<i>Changes in:</i>		
Trade and other debtors	(781,312)	(693,814)
Trade and other creditors	259,895	675,218
Cash generated from operations	971,045	1,348,129
Interest paid	(22,754)	(17,195)
Interest received	17	111
Tax paid	–	(229,691)
Net cash from operating activities	<u>948,308</u>	<u>1,101,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(580,667)	(676,879)
Proceeds from sale of tangible assets	36,115	66,762
Net cash used in investing activities	<u>(544,552)</u>	<u>(610,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of own shares	(351,428)	–
Proceeds from borrowings	(110,882)	(15,364)
Payments of finance lease liabilities	67,410	199,006
Dividends paid	(402,345)	(445,140)
Net cash used in financing activities	<u>(797,245)</u>	<u>(261,498)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(393,489)</u>	229,739
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,239,945</u>	1,010,206
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>846,456</u>	<u>1,239,945</u>

The notes on pages 14 to 22 form part of these financial statements.

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28 FEBRUARY 2022

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 28 FEBRUARY 2022

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

No depreciation is provided on buildings. The amount would not be significant to the accounts.

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 28 FEBRUARY 2022

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:

	2022	2021
	£	£
Road surfacing	<u>18,358,578</u>	<u>11,318,602</u>

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

5. Other operating income

	2022	2021
	£	£
Rental income	7,725	22,500
Management charges receivable	—	15,000
	<u>7,725</u>	<u>37,500</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	542,208	486,167
Gains on disposal of tangible assets	(6,637)	(11,001)
Impairment of trade debtors	<u>158,359</u>	<u>(54,451)</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>5,250</u>	<u>5,250</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>42,395</u>	<u>4,347</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 28 FEBRUARY 2022

8. Staff costs

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

	2022	2021
	No.	No.
Total staff	<u>68</u>	<u>63</u>

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

	2022	2021
	£	£
Wages and salaries	2,759,703	2,028,858
Social security costs	270,443	237,710
Other pension costs	78,702	125,683
	<u>3,108,848</u>	<u>2,392,251</u>

9. Directors' remuneration

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

	2022	2021
	£	£
Remuneration	77,605	92,484
Company contributions to defined contribution pension plans	19,200	78,300
	<u>96,805</u>	<u>170,784</u>

10. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>17</u>	<u>111</u>

11. Interest payable and similar expenses

	2022	2021
	£	£
Interest on obligations under finance leases and hire purchase contracts	22,561	16,680
Other interest payable and similar charges	193	515
	<u>22,754</u>	<u>17,195</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 28 FEBRUARY 2022

12. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	149,093	142,080
Adjustments in respect of prior periods	(29,050)	(24,547)
Total current tax	<u>120,043</u>	<u>117,533</u>
Deferred tax:		
Origination and reversal of timing differences	<u>92,851</u>	<u>46,867</u>
Tax on profit	<u>212,894</u>	<u>164,400</u>

Deferred tax has been provided at the expected rate of future reversal of 25%.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Profit on ordinary activities before taxation	<u>974,066</u>	<u>984,831</u>
Profit on ordinary activities by rate of tax	185,073	187,118
Adjustment to tax charge in respect of prior periods	(29,050)	(24,547)
Effect of capital allowances and depreciation	(24,162)	–
Permanent differences	7,101	1,829
Change in deferred tax rate	<u>73,932</u>	<u>–</u>
Tax on profit	<u>212,894</u>	<u>164,400</u>

13. Dividends

	2022	2021
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>402,345</u>	<u>445,140</u>

E C SURFACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 28 FEBRUARY 2022

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 March 2021	101,094	2,888,177	48,814	8,700	3,046,785
Additions	–	474,952	2,215	103,500	580,667
Disposals	–	(146,620)	–	(8,700)	(155,320)
At 28 February 2022	101,094	3,216,509	51,029	103,500	3,472,132
Depreciation					
At 1 March 2021	–	1,465,446	16,800	6,291	1,488,537
Charge for the year	–	512,839	11,517	17,852	542,208
Disposals	–	(118,949)	–	(6,893)	(125,842)
At 28 February 2022	–	1,859,336	28,317	17,250	1,904,903
Carrying amount					
At 28 February 2022	101,094	1,357,173	22,712	86,250	1,567,229
At 28 February 2021	101,094	1,422,731	32,014	2,409	1,558,248

15. Debtors

	2022 £	2021 £
Trade debtors	3,211,131	2,365,647
Prepayments and accrued income	733,825	850,140
Other debtors	57,022	4,879
	4,001,978	3,220,666

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	–	83,333
Trade creditors	2,359,503	1,802,281
Accruals and deferred income	33,248	73,160
Corporation tax	239,439	119,396
Social security and other taxes	81,750	396,811
Obligations under finance leases and hire purchase contracts	428,058	282,537
Director loan accounts	28,019	55,568
Other creditors	76,745	59,011
	3,246,762	2,872,097

Bank loans are secured on the assets of the company. Hire Purchase agreements are secured on the assets concerned.

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 28 FEBRUARY 2022

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

	2022	2021
	£	£
Obligations under finance leases and hire purchase contracts	<u>240,167</u>	<u>318,278</u>

Hire Purchase agreements are secured on the assets concerned.

18. Finance leases and hire purchase contracts

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

	2022	2021
	£	£
Not later than 1 year	428,058	282,537
Later than 1 year and not later than 5 years	<u>240,167</u>	<u>318,278</u>
	<u>668,225</u>	<u>600,815</u>

19. Provisions

	Deferred tax (note 20)
	£
At 1 March 2021	234,117
Additions	<u>92,851</u>
At 28 February 2022	<u>326,968</u>

20. Deferred tax

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

	2022	2021
	£	£
Included in provisions (note 19)	<u>326,968</u>	<u>234,117</u>

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

	2022	2021
	£	£
Accelerated capital allowances	<u>326,968</u>	<u>234,117</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £59,502 (2021: £47,383).

E C SURFACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 28 FEBRUARY 2022

22. 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.

23. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>85</u>	<u>85</u>	<u>100</u>	<u>100</u>

During the year the company redeemed and cancelled 15 A shares.

24. Reserves

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

25. Analysis of changes in net debt

	At 1 Mar 2021	Cash flows	At 28 Feb 2022
	£	£	£
Cash at bank and in hand	1,239,945	(393,489)	846,456
Debt due within one year	(421,438)	(34,639)	(456,077)
Debt due after one year	<u>(318,278)</u>	<u>78,111</u>	<u>(240,167)</u>
	<u>500,229</u>	<u>(350,017)</u>	<u>150,212</u>

26. Operating leases

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

	2022	2021
	£	£
Not later than 1 year	15,000	15,000
Later than 1 year and not later than 5 years	<u>10,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>40,000</u>

E C SURFACING LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 28 FEBRUARY 2022

27. 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:

	2022	2021
	£	£
J L Huxford	166,265	179,400
K Drant	89,700	152,474
L Sutton	71,760	87,128
E Davis	74,620	26,138
	<u>402,345</u>	<u>445,140</u>

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