
P N Daly Limited

Annual Report and Financial Statements

For the year ended 30 September 2018

P N Daly Limited

Company Information

Directors	P N Daly J A Daly F P Daly N D Price F A Daly P J Daly S F Daly (appointed 9 May 2018)
Company secretary	J A Daly
Registered number	00871763
Registered office	Butterworth Hall Works Charles Lane Milnrow Rochdale Lancashire OL16 3PA
Independent auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	National Westminster Bank PLC Town Hall Square Rochdale Lancashire OL16 1LL

P N Daly Limited

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Strategic Report
For the year ended 30 September 2018

Introduction

The directors present the Strategic Report for the year ended 30 September 2018.

Business review

During the year the company turnover increased by 14% to £44.7m. Gross profit % decreased from 17.5% to 10.2% reflecting increases in costs and reduced profitability on contracts being undertaken in the year.

At the year end the company had shareholders' funds of £16.9m compared to £16.3m the previous year. The directors believe the company's position to be satisfactory with net current assets of £16.4m.

Matters of strategic importance

The business continues to focus on providing innovative solutions and a first class service to its customer base.

Financial key performance indicators

The directors monitor performance through production of detailed management accounts that cover all trading divisions in the company and comparison to actual performances against prior year and expectations.

Key performance indicators:

	2018	2017
	£m	£m
Turnover	44.7	39.2
Operating profit	0.7	3.2
Net current assets	16.4	15.7

The directors are satisfied with the performance of the business during the year. The business continued to be profitable and cash generative.

Strategic Report (continued)
For the year ended 30 September 2018

Principal risks and uncertainties

The company's major customers are concentrated in the civil engineering and utilities markets. General uncertainties can arise through economic conditions and expenditure on capital projects. The market remains competitive.

The directors carry out a regular review of the risk environment in which the company operates. The board believes that the company has adequate procedures and processes in place to ensure that these risks are monitored and managed appropriately. The main areas of risk identified by the board are:

Internal control risk:

The board regularly reviews the system of internal controls, both financial and non-financial, operated by the company. These include controls designed to ensure that the company's assets are safeguarded and that proper accounting records are maintained.

The company finances its operations through a mixture of retained profits and loans from the directors. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus working capital;
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

This report was approved by the board and signed on its behalf.

J A Daly
Secretary

Date: 24 June 2019

Directors' Report
For the year ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £661,674 (2017 - £2,751,506).

Dividends paid during the year amounted to £nil (2017 - £nil).

The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

P N Daly
J A Daly
F P Daly
C P Foynes (resigned 14 March 2018)
N D Price
F A Daly
P J Daly
S F Daly (appointed 9 May 2018)

Donations

During the year the company made donations to various charities, totalling £9,085 (2017 - £11,215).

Directors' Report (continued)
For the year ended 30 September 2018

Future developments

Future developments in the company's business are detailed in the strategic report.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its existing practice of keeping them informed on matters affecting them as employees and on various matters affecting the performance of the company.

Disabled employees

Disabled persons are employed by the company when they appear to be suited to a particular vacancy. Where an existing employee becomes disabled every effort is made to continue to provide suitable employment, either in the same or in an alternative position.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

J A Daly
Secretary

Date: 24 June 2019

Independent Auditors' Report to the Shareholders of P N Daly Limited

Opinion

We have audited the financial statements of P N Daly Limited (the 'company') for the year ended 30 September 2018, which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity 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 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 30 September 2018 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 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

Independent Auditors' Report to the Shareholders of P N Daly Limited (continued)

We have nothing to report in this regard.

Opinion 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 directors' responsibilities statement on page 3, 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.

Auditors' 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 auditors' 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 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 auditors' report.

Independent Auditors' Report to the Shareholders of P N Daly Limited (continued)

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 auditors' 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.

Anthony Woodings (senior statutory auditor)
for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

28 June 2019

Statement of Comprehensive Income
For the year ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	44,720,489	39,223,954
Cost of sales		(40,173,395)	(32,343,914)
Gross profit		4,547,094	6,880,040
Administrative expenses		(3,890,503)	(3,819,687)
Other operating income	5	67,435	170,892
Operating profit	6	724,026	3,231,245
Interest receivable and similar income	10	107,669	137,419
Interest payable and expenses	11	(9,335)	(8,621)
Profit before tax		822,360	3,360,043
Tax on profit	12	(160,686)	(608,537)
Profit for the financial year		661,674	2,751,506

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 24 form part of these financial statements.

P N Daly Limited
Registered number: 00871763

Statement of Financial Position
As at 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	641,785	707,493
Current assets			
Stocks	14	48,000	48,000
Debtors: amounts falling due within one year	15	12,732,975	9,402,781
Current asset investments	16	14,576,004	12,016,845
Cash at bank and in hand	17	3,354,598	5,976,524
		<u>30,711,577</u>	<u>27,444,150</u>
Creditors: amounts falling due within one year	18	(14,339,297)	(11,699,252)
Net current assets		<u>16,372,280</u>	<u>15,744,898</u>
Total assets less current liabilities		<u>17,014,065</u>	<u>16,452,391</u>
Provisions for liabilities			
Other provisions	21	(103,000)	(203,000)
Net assets		<u><u>16,911,065</u></u>	<u><u>16,249,391</u></u>
Capital and reserves			
Called up share capital	22	671	671
Capital redemption reserve	23	429	429
Profit and loss account	23	16,909,965	16,248,291
Shareholders' funds		<u><u>16,911,065</u></u>	<u><u>16,249,391</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P N Daly
Director

Date: 24 June 2019

The notes on pages 12 to 24 form part of these financial statements.

P N Daly Limited

**Statement of Changes in Equity
For the year ended 30 September 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2016	671	429	13,496,785	13,497,885
Comprehensive income for the year				
Profit for the year	-	-	2,751,506	2,751,506
At 1 October 2017	671	429	16,248,291	16,249,391
Comprehensive income for the year				
Profit for the year	-	-	661,674	661,674
At 30 September 2018	671	429	16,909,965	16,911,065

Statement of Cash Flows
For the year ended 30 September 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	661,674	2,751,506
Adjustments for:		
Depreciation of tangible assets	305,971	326,620
Loss/(Profit) on disposal of tangible assets	3,828	(5,856)
Interest paid	9,335	8,621
Interest received	(107,669)	(137,419)
Taxation charge	160,686	608,537
(Increase) in debtors	(3,318,785)	(2,186,366)
Increase/(decrease) in creditors	3,098,153	(730,685)
(Decrease)/increase in provisions	(100,000)	-
Corporation tax (paid)/received	(630,203)	15,535
Net cash generated from operating activities	<u>82,990</u>	<u>650,493</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(288,796)	(370,649)
Sale of tangible fixed assets	44,705	42,231
Interest received	107,669	137,419
Management of liquid resources	(2,559,159)	2,499,351
Net cash from investing activities	<u>(2,695,581)</u>	<u>2,308,352</u>
Cash flows from financing activities		
Interest paid	(9,335)	(8,621)
Net cash used in financing activities	<u>(9,335)</u>	<u>(8,621)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,621,926)</u>	<u>2,950,224</u>
Cash and cash equivalents at beginning of year	<u>5,976,524</u>	<u>3,026,300</u>
Cash and cash equivalents at the end of year	<u><u>3,354,598</u></u>	<u><u>5,976,524</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>3,354,598</u></u>	<u><u>5,976,524</u></u>

**Notes to the Financial Statements
For the year ended 30 September 2018**

1. General information

P N Daly Limited is a private company limited by share capital incorporated in England, number 00871763. The address of the registered office and principal place of business is Butterworth Hall Works, Charles Lane, Milnrow, Rochdale, OL16 3PA.

The nature of the company's operation and its principal activity is that of civil engineering contractors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Functional and presentation currency

The company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Notes to the Financial Statements
For the year ended 30 September 2018**

2. Accounting policies (continued)

2.3 Construction contracts

When the outcome of construction contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the end of the reporting period.

The stage of completion of contracts in progress is based on surveys of work performed.

Reliable estimation of the outcome of construction contracts requires reliable estimates of the stage of completion, future costs and collectability of billings.

When the outcome of a construction contract cannot be estimated reliably, revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable.

When it is probable that total contract costs will exceed total contract revenue on a construction contract, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

Revenue in respect of variations to contracts and incentive payments is recognised when it is probable it will be agreed by the customer.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	35%	per annum on written down value
Motor vehicles	-	35%	per annum on written down value
Fixtures and fittings	-	10%	per annum on written down value
Computer equipment	-	25%	per annum on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the Financial Statements
For the year ended 30 September 2018**

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**Notes to the Financial Statements
For the year ended 30 September 2018**

2. Accounting policies (continued)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Research and development

Research and development expenditure is written off in the year in which it is incurred.

Notes to the Financial Statements
For the year ended 30 September 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company are discussed below.

Revenue and margin recognition

The company's revenue recognition and margin recognition policies, which are set out in notes 2.2 and 2.3, are central to how the company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of construction contracts, which require assessments and judgements to be made. The company reviews and, when necessary, revises the estimates of revenue and costs as the contract progresses.

Provisions

Provisions are liabilities of uncertain timing or amount and therefore making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date. The company recognised provisions at 30 September 2018 of £103,000 (2017 - £203,000).

Recoverable value of trade debtors

The recoverability of trade debtors is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable. Full provision is made for balances unpaid which are greater than six months old.

Tangible fixed assets

The management of the company exercises judgement in estimating the useful life of property, plant and equipment.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Revenue receivable on services performed	21,254,515	20,335,204
Revenue receivable on construction contracts	23,465,974	18,888,750
	<u>44,720,489</u>	<u>39,223,954</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	<u>67,435</u>	<u>170,892</u>

Notes to the Financial Statements
For the year ended 30 September 2018

6. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Research & development charged as an expense	-	220,421
Depreciation of tangible fixed assets	305,971	326,620
Loss/(Profit) on disposal of fixed assets	3,828	(5,856)
Other operating lease rentals	<u>62,500</u>	<u>62,500</u>

7. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	30,750	30,000

Fees payable to the company's auditor and its associates in respect of:

Taxation compliance services	3,850	3,750
Other services relating to taxation	<u>6,350</u>	<u>-</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	15,550,596	14,524,991
Social security costs	1,403,884	1,296,607
Cost of defined contribution scheme	453,310	464,645
	<u>17,407,790</u>	<u>16,286,243</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Number of production staff	412	387
Number of administrative staff	170	162
	<u>582</u>	<u>549</u>

Notes to the Financial Statements
For the year ended 30 September 2018

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	1,406,761	1,475,735
Company contributions to defined contribution pension schemes	102,132	26,214
	<u>1,508,893</u>	<u>1,501,949</u>

During the year retirement benefits were accruing to 4 directors (2017 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £501,835 (2017 - £501,784).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £599 (2017 - £381).

10. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>107,669</u>	<u>137,419</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	<u>9,335</u>	<u>8,621</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	172,095	630,204
Adjustments in respect of previous periods	-	888
Total current tax	<u>172,095</u>	<u>631,092</u>
Deferred tax		
Origination and reversal of timing differences	<u>(11,409)</u>	<u>(22,555)</u>
Taxation on profit on ordinary activities	<u>160,686</u>	<u>608,537</u>

Notes to the Financial Statements
For the year ended 30 September 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>822,360</u>	<u>3,360,043</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	156,248	638,408
Effects of:		
Expenses not deductible for tax purposes	3,066	4,048
Adjustments to tax charge in respect of prior periods	-	888
Other timing differences leading to an increase (decrease) in taxation	1,372	19,637
Research & development tax credit	-	(54,444)
Total tax charge for the year	<u>160,686</u>	<u>608,537</u>

Factors that may affect future tax charges

The UK Government has set the Corporation Tax main rate at 17% for years starting 1 April 2020.

Notes to the Financial Statements
For the year ended 30 September 2018

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost or valuation					
At 1 October 2017	1,187,696	147,352	941,527	116,010	2,392,585
Additions	88,250	-	186,506	14,040	288,796
Disposals	(76,575)	-	(144,809)	-	(221,384)
At 30 September 2018	1,199,371	147,352	983,224	130,050	2,459,997
Depreciation					
At 1 October 2017	907,714	128,900	548,351	100,127	1,685,092
Charge for the year on owned assets	111,877	1,845	180,623	11,626	305,971
Disposals	(65,071)	-	(107,780)	-	(172,851)
At 30 September 2018	954,520	130,745	621,194	111,753	1,818,212
Net book value					
At 30 September 2018	244,851	16,607	362,030	18,297	641,785
At 30 September 2017	279,982	18,452	393,176	15,883	707,493

14. Stocks

	2018 £	2017 £
Raw materials	48,000	48,000

Stock recognised in cost of sales during the year as an expense was £11,575,833 (2017 - £7,991,463) .

Notes to the Financial Statements
For the year ended 30 September 2018

15. Debtors

	2018 £	2017 £
Trade debtors	10,889,961	7,455,798
Other debtors	101,362	32,390
Prepayments and accrued income	339,968	416,088
Amounts recoverable on long term contracts	1,319,784	1,428,014
Deferred taxation	81,900	70,491
	<u>12,732,975</u>	<u>9,402,781</u>

An impairment loss of £399,401 (2017 - loss £278,601) was recognised against trade debtors.

16. Current asset investments

	2018 £	2017 £
Bank deposits	<u>14,576,004</u>	<u>12,016,845</u>

Current asset investments comprise fixed rate deposits with UK clearing banks available with varying degrees of notice.

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>3,354,598</u>	<u>5,976,524</u>

Notes to the Financial Statements
For the year ended 30 September 2018

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Payments received on account	756,993	1,160,956
Trade creditors	5,615,339	3,456,078
Corporation tax	172,096	630,204
Other taxation and social security	844,986	761,885
Other creditors	276,579	276,579
Accruals and deferred income	6,673,304	5,413,550
	<u>14,339,297</u>	<u>11,699,252</u>

Included in other creditors are directors loans of £265,261 (2017 - £265,261) which are secured by way of debenture on the assets of the company. These loans bear interest at 3% above the base rate of National Westminster Bank plc.

19. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>12,311,107</u>	<u>8,916,202</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>13,045,636</u>	<u>10,030,584</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise payments received on account, trade creditors and accruals.

20. Deferred taxation

	2018 £	2017 £
At beginning of year	70,491	47,936
Credited to profit or loss	11,409	22,555
At end of year	<u>81,900</u>	<u>70,491</u>

Notes to the Financial Statements
For the year ended 30 September 2018

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated depreciation	18,094	1,338
Other timing differences	63,806	69,153
	<u>81,900</u>	<u>70,491</u>

21. Provisions

	Contract provisions £
At 1 October 2017	203,000
Utilised in year	(100,000)
At 30 September 2018	<u>103,000</u>

The contract provisions noted above comprise estimated costs in respect of contractual commitments at the balance sheet date.

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
610 Ordinary shares of £1.00 each	610	610
61 Deferred ordinary shares of £1.00 each	61	61
	<u>671</u>	<u>671</u>

Deferred ordinary shares carry no voting rights. The shares are entitled to an annual dividend at the discretion of the directors, subject to a maximum of 0.5% of the amount paid up on each share. Otherwise, the shares carry no additional rights in the company's profits or assets.

**Notes to the Financial Statements
For the year ended 30 September 2018**

23. Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £453,310 (2017 - £464,645). Contributions totalling £335,821 (2017 - £363,962) were payable to the fund at the balance sheet date and are included in creditors.

25. Related party transactions

During the year the company paid rent for properties owned by two directors of the company amounting to £62,500 (2017 - £62,500). Additionally, the company paid interest at a rate of 3% above bank base rate of £9,335 (2017 - £8,621) on the balance of a secured loan made to the company by a director. At 30 September 2018 the company owed that director £265,261 (2017 - £265,261).

Key management personnel compensation totalled £1,508,893 (2017 - £1,501,949).

26. Controlling party

The company's ultimate controlling party is P N Daly, a director of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.