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Registration number: 01364037

# Kenny Brothers (Civil Engineering) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2017



# **Kenny Brothers (Civil Engineering) Limited**

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# Kenny Brothers (Civil Engineering) Limited

(Registration number: 01364037)  
Balance Sheet as at 31 March 2017

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		958,828		1,065,021
Investment property	5		<u>149,513</u>		<u>149,513</u>
			1,108,341		1,214,534
<b>Current assets</b>					
Stocks	6	109,036		21,422	
Debtors	7	337,942		959,187	
Cash at bank and in hand		<u>4,737</u>		<u>484,842</u>	
		451,715		1,465,451	
<b>Creditors: Amounts falling due within one year</b>	8	<u>(752,651)</u>		<u>(1,224,094)</u>	
<b>Net current (liabilities)/assets</b>			<u>(300,936)</u>		<u>241,357</u>
<b>Total assets less current liabilities</b>			807,405		1,455,891
<b>Creditors: Amounts falling due after more than one year</b>	8		(269,293)		(245,440)
<b>Provisions for liabilities</b>			<u>(33,234)</u>		<u>(92,434)</u>
<b>Net assets</b>			<u>504,878</u>		<u>1,118,017</u>
<b>Capital and reserves</b>					
Called up share capital		100		100	
Profit and loss account		<u>504,778</u>		<u>1,117,917</u>	
<b>Total equity</b>			<u>504,878</u>		<u>1,118,017</u>

The notes on pages 3 to 10 form an integral part of these financial statements.

**Kenny Brothers (Civil Engineering) Limited**  
**(Registration number: 01364037)**  
**Balance Sheet as at 31 March 2017 (continued)**

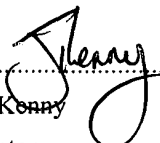
For the financial year ending 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the provisions of FRS 102 Section 1A - small entities; as such no profit and loss account has been filed.

Approved and authorised by the director on 25 May 2017

  
.....  
J M Kenny  
Director

# **Kenny Brothers (Civil Engineering) Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2017**

### **1 General information**

The company is a private company limited by share capital incorporated in England & Wales.

The address of its registered office is:

Longford House

Ledbury Road

Failsworth

Manchester

M35 0PB

Registration number: 01364037

### **2 Accounting policies**

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Schedule 1A and the Companies Act 2006.

This is the first year in which the accounts have been prepared under FRS 102 Schedule 1A.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the entity.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### **Taxation**

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

## **Kenny Brothers (Civil Engineering) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)**

#### **2 Accounting policies (continued)**

The current corporation 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 taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives.

If there is an indication that there has been a significant change in estimated useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is charged as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	15% straight line
Computer equipment	33% straight line
Leasehold improvements	7% straight line
Office equipment	10%/ 25% straight line
Motor vehicles	25% straight line

#### **Investment property**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

## **Kenny Brothers (Civil Engineering) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at commencement of the lease at the fair value of the leased asset or, if lower, the present value of minimum lease payments using the interest rate implicit in the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## **Kenny Brothers (Civil Engineering) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Defined contribution pension obligation**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### ***Financial assets***

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss and any subsequent reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### ***Financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **3 Staff numbers**

The average number of persons employed during the year (including the director) was 64 (2016- 69).

## Kenny Brothers (Civil Engineering) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

#### 4 Tangible assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £
<b>Cost or valuation</b>				
At 1 April 2016	601,008	84,345	324,992	743,669
Additions	-	3,000	28,500	7,950
Disposals	-	-	-	(9,000)
At 31 March 2017	<u>601,008</u>	<u>87,345</u>	<u>353,492</u>	<u>742,619</u>
<b>Depreciation</b>				
At 1 April 2016	53,686	80,788	168,536	385,983
Charge for the year	5,733	991	56,611	82,308
Eliminated on disposal	-	-	-	(9,000)
At 31 March 2017	<u>59,419</u>	<u>81,779</u>	<u>225,147</u>	<u>459,291</u>
<b>Carrying amount</b>				
At 31 March 2017	<u>541,589</u>	<u>5,566</u>	<u>128,345</u>	<u>283,328</u>
At 31 March 2016	<u>547,322</u>	<u>3,557</u>	<u>156,456</u>	<u>357,686</u>
				<b>Total £</b>
<b>Cost or valuation</b>				
At 1 April 2016				1,754,014
Additions				39,450
Disposals				(9,000)
At 31 March 2017				<u>1,784,464</u>
<b>Depreciation</b>				
At 1 April 2016				688,993
Charge for the year				145,643
Eliminated on disposal				(9,000)
At 31 March 2017				<u>825,636</u>
<b>Carrying amount</b>				
At 31 March 2017				<u>958,828</u>
At 31 March 2016				<u>1,065,021</u>

Included within the net book value of land and buildings above is £541,589 (2016 - £547,322) in respect of freehold land and buildings.

# Kenny Brothers (Civil Engineering) Limited

## Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

### 5 Investment properties

	2017 £
At 1 April	<u>149,513</u>
There has been no valuation of investment property by an independent valuer.	

### 6 Stocks

	2017 £	2016 £
Stocks	<u>109,036</u>	<u>21,422</u>

### 7 Debtors

	2017 £	2016 £
Trade debtors	247,725	858,609
Other debtors	-	6,000
Prepayments and accrued income	<u>90,217</u>	<u>94,578</u>
Total current trade and other debtors	<u>337,942</u>	<u>959,187</u>

### 8 Creditors

	Note	2017 £	2016 £
<b>Due within one year</b>			
Loans and borrowings	9	141,250	86,939
Trade creditors		340,607	820,680
Other creditors		1,128	395
Social security and other taxes		208,410	135,651
Corporation tax liability		1,002	94,548
Accruals and deferred income		<u>60,254</u>	<u>85,881</u>
		<u>752,651</u>	<u>1,224,094</u>
<b>Due after one year</b>			
Loans and borrowings	9	<u>269,293</u>	<u>245,440</u>

## Kenny Brothers (Civil Engineering) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

#### 9 Loans and borrowings

	2017 £	2016 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	133,425	156,329
Finance lease liabilities	135,868	89,111
	<u>269,293</u>	<u>245,440</u>
	<b>2017 £</b>	<b>2016 £</b>
<b>Current loans and borrowings</b>		
Bank borrowings	24,500	32,803
Bank overdrafts	22,267	-
Finance lease liabilities	93,943	53,276
Other borrowings	540	860
	<u>141,250</u>	<u>86,939</u>

Included in the loans and borrowings are the following amounts due after more than five years:

	2017 £	2016 £
After more than five years by instalments	35,425	52,110

#### 10 Share capital

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
'A' Ordinary of £1 each	25	25	25	25
'B' Ordinary of £1 each	25	25	25	25
'C' Ordinary of £1 each	25	25	25	25
'D' Ordinary of £1 each	24	24	24	24
'E' Ordinary of £1 each	1	1	1	1
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu for income, capital and voting rights

#### 11 Financial commitments, guarantees and contingencies

The total amount of financial commitments not included in the balance sheet is £28,413 (2016 - £31,000).

## **Kenny Brothers (Civil Engineering) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)**

#### **12 Transition to FRS 102**

As described in the accounting policies, the company have adopted FRS 102 for the first time this year. There are no transition adjustments that affected the financial position of the group or the company at the transition date, the comparative year end, or the current year end, or that affected their financial performance in the current or prior year.