

**O'ROURKE CONTRACTING PLC**

**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

COMPANY INFORMATION

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Directors	I. D. Fern D. J. Hamblin
Registered number	01524781
Registered office	Tutsham Farm West Farleigh Maidstone Kent ME15 0NE
Independent auditors	Creaseys Group Limited 77 Mount Ephraim Tunbridge Wells Kent TN4 8BS

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Introduction**

The principal activity of the Company continued to be surfacing, civil engineering and maintenance for both the public and private sectors.

**Business review**

During 2021 the Company continued to trade profitably and expect this to continue during 2022.

The profit for the financial year was £774,004 (2020: £398,231). Turnover and profit for the year has returned to pre pandemic levels as anticipated.

Net assets increased during the year from £1,325,790 last year to net assets of £2,099,794 this year.

No dividends have been paid (2020: £Nil).

Turnover is anticipated to increase back to normal levels in the current year and the directors believe the Company will remain profitable in the coming year and is in a good position to maintain and develop its position within the industry.

**Principal risks and uncertainties**

The key business risks and uncertainties relate to level of demand in the market, competition from competitors, pressure on pricing and additional costs and the recruitment, retention and development of key personnel.

To mitigate these risks the Company has robust accounting procedures and good internal controls, together with maintaining good long-term relationships with both customers and key suppliers. Additionally, the Company has made key staff changes and ensures all its staff have the relevant experience and qualifications and receive the necessary training and support.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company policy throughout the year has been to hold cash balances in readily accessible cash deposits.

Credit risk

The principal credit risk of the Company arises from trade debtors and the Company manages closely its exposure to bad debts by strong credit control and credit checks on new customers. The Company debt consists of finance leases which are secured against the relevant asset and investor loans.

Currency risk

The Company does not pay suppliers or receive any customer receipts in foreign currency. Therefore, there is no foreign currency risk.

Competitive and market risk

The Company operates in a highly competitive industry, which can impact on its ability to win new work and dilute its margins. The Company mitigates these risks by effective cost management thereby allowing it to remain competitive and deliver required results.

Health and Safety

The Company prioritises its legal responsibilities under the Health and Safety at Work Act, etc.1984 and associated legislation and codes of practice. The Company gives its full commitment to doing everything reasonably practicable to protect the safety, health and welfare of all its employees and any other persons whose health and safety may be affected by the Company's business. The promotion of health and safety measures is a mutual objective for the company and for all its employees.

Environmental

The Company operates its business in a manner that reflects good environmental management. The Company is

aware of the environmental impacts of its operations and balances its business aims with the need to protect the local and global environment. The Company is committed to identifying all activities that have a potential to cause an environmental impact, as well as providing adequate resources to help minimise or prevent negative impact.

**Financial key performance indicators**

The Company has a number of key performance indicators which are used to measure and monitor the performance of the Company. These are reviewed on a frequent and regular basis.

	2021	2020
Turnover	£9,635,554	£6,399,102
Gross profit	18.5%	16.8%
Operating profit	10.4%	8.1%

The management's expectation is for an operating profit of between 5% - 10%.

**Directors' statement of compliance with duty to promote the success of the Company**

The directors, in line with their duties under Section 172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to the stakeholders and amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

The Company's business strategy is focussed on achieving success for the Company in the long term. This strategy considers the impact of relevant factors and stakeholder interests. The directors promote a culture of upholding the highest standards of conduct and ensures its core values are communicated to its employees and are embedded in its policies and procedures.

The directors recognise that building strong long-term relationships with its stakeholders will help deliver its strategy. The directors consider the core stakeholders to be its employees, customers, suppliers and the local communities in which it operates.

Protecting the health, safety and wellbeing of its employees and everyone who comes into contact with the business is the main priority. Furthermore, the directors are committed to a diverse and inclusive working environment and ensuring all employees have the necessary skills and training required to carry out their roles and to develop.

The Company aims to develop long term mutually beneficial relationships with its customers. The Company engages with its customers on a continuous basis which allows it to better understand their needs thus ensuring its long-term success.

The suppliers and subcontractors are integral to its operations and the Company aims to be fair in their dealings with them and to make payment within agreed terms.

As the nature of the Company's business means that it continually comes in contact with members of local community the safety of the public is paramount in how it operates. user input

**Other key performance indicators**

The directors do not consider there to be any other key performance indicators.

**Going concern status**

The Company has traded profitably post period end and current forecasts, based on current contracts with existing customers, show the Company is expected to remain profitable over the next year and for the balance sheet to strengthen further. Therefore, the directors consider it will continue as going concern for the foreseeable future.

**Future developments and post balance sheet events**

The directors believe that the Company is well positioned in the market with strong customer links and ongoing contracts to deliver profitable results in the coming year.

The directors do not believe there are any post balance sheet events that will affect these results or the Company's profitability going forward.

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

**I. D. Fern**

Director

Date: 30 June 2022

The directors present their report and the financial statements for the year ended 31 December 2021.

### **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 judgements 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 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 £774,004 (2020 -£398,231).

The Directors do not recommend payment of a dividend.

### **Directors**

The directors who served during the year were:

I. D. Fern  
D. J. Hamblin

### **Future developments**

The directors believe that the Company is well positioned in the market with strong customer links and ongoing contracts to deliver profitable results in the coming year.

The directors do not believe there are any post balance sheet events that will affect these results or the Company's profitability going forward, other than the coronavirus pandemic mentioned above and in the notes.

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**Engagement with employees**

The Company recognises that its employees are key to the long-term success of the business. It has various ways in which it communicates with the employees due to the numbers employed and the fact they are spread over numerous locations. New employees attend a formal induction at which they are made aware of the Company's values, health and safety and other relevant policies and procedures.

The Company also runs various workshops, Business development, personal development, customer care and customer management programmes where deemed appropriate. All employees receive necessary training to ensure they have the relevant qualifications and certifications to carry out their roles.

**Greenhouse gas emissions, energy consumption and energy efficiency action**

The Company's greenhouse gas emissions and energy consumption are as follows:

	<b>2021</b>
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	449.48
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	<u>449.48</u>

We have followed the 2019 HM government reporting guidelines. We have also used the GHG Reporting Protocol – Corporate standard and have used the 2020 UK Government's conversion factors for company reporting.

Intensity ratio: Tonnes CO<sub>2</sub>e per £1m of sales 0.046

**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.

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

**I. D. Fern**

Director

Date: 30 June 2022



## Opinion

We have audited the financial statements of O'Rourke Contracting PLC (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, 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 31 December 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 set out on page 4, 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.

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:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with FRS102 (UK GAAP), the Companies Act 2006 and relevant UK taxation laws. We discussed amongst the audit engagement team the identified laws and regulations, and remained alert to any indications of non-compliance.

We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and supporting papers. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included, but were not limited to:

- identifying and reviewing the controls in place to prevent and detect fraud;
- enquiries of management as to whether they have knowledge of any actual, suspected or alleged fraud;
- discussion amongst the engagement team regarding the risk of fraud, such as opportunities and incentives for fraudulent manipulation of the financial statements;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates and revenue recognition policy;
- identifying and testing journal entries, with a focus on manual journals and journals which indicated large or unusual transactions (based on our understanding of the business), and any journal entries posted with unusual timestamps; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the financial statement item.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. There are inherent limitations in the audit procedures described above, and the more removed from the financial transactions, the less likely it is that we would become aware of non-compliance with laws and regulations. We are not responsible for prevention of non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We did not identify any irregularities, including fraud, leading to a material misstatement.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 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.

Jeff Fletcher BA (Hons) FCCA (Senior statutory auditor)

for and on behalf of

**Creaseys Group Limited**

77 Mount Ephraim  
Tunbridge Wells  
Kent  
TN4 8BS

Date: 30 June 2022

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>As restated</b>
	<b>£</b>	<b>2020</b>
		<b>£</b>
Turnover	9,635,554	6,399,102
Cost of sales	(7,849,842)	(5,324,447)
<b>Gross profit</b>	<b>1,785,712</b>	<b>1,074,655</b>
Administrative expenses	(906,448)	(689,150)
Other operating income	122,000	133,440
<b>Operating profit</b>	<b>1,001,264</b>	<b>518,945</b>
Interest receivable and similar income	-	159
Interest payable and expenses	(19,168)	(27,460)
<b>Profit before tax</b>	<b>982,096</b>	<b>491,644</b>
Tax on profit	(208,092)	(93,413)
<b>Profit for the financial year</b>	<b><u>774,004</u></b>	<b><u>398,231</u></b>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 15 to 26 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	<b>Note</b>	<b>2021</b> £	<b>As restated</b> <b>2020</b> £
<b>Fixed assets</b>			
Tangible assets	12	485,508	496,471
		<u>485,508</u>	<u>496,471</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	13	162,799	155,260
Debtors: amounts falling due within one year	13	3,223,530	1,852,230
Cash at bank and in hand	14	223,391	719,660
		<u>3,609,720</u>	<u>2,727,150</u>
Creditors: amounts falling due within one year	15	(1,784,909)	(1,652,418)
<b>Net current assets</b>		<u>1,824,811</u>	<u>1,074,732</u>
<b>Total assets less current liabilities</b>		<u>2,310,319</u>	<u>1,571,203</u>
Creditors: amounts falling due after more than one year	16	(89,379)	(151,226)
<b>Provisions for liabilities</b>			
Deferred tax	18	(121,146)	(94,187)
		<u>(121,146)</u>	<u>(94,187)</u>
<b>Net assets</b>		<u><u>2,099,794</u></u>	<u><u>1,325,790</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	50,000	50,000
Profit and loss account		<u>2,049,794</u>	<u>1,275,790</u>
		<u><u>2,099,794</u></u>	<u><u>1,325,790</u></u>

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

**I. D. Fern**  
Director

Date: 30 June 2022

The notes on pages 15 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
<b>At 1 January 2020 (as previously stated)</b>	50,000	985,299	1,035,299
Prior year adjustment	-	(107,740)	(107,740)
<b>At 1 January 2020 (as restated)</b>	50,000	877,559	927,559
Profit for the year	-	398,231	398,231
<b>At 1 January 2021 (as previously stated)</b>	50,000	1,464,164	1,514,164
Prior year adjustment	-	(188,374)	(188,374)
<b>At 1 January 2021 (as restated)</b>	50,000	1,275,790	1,325,790
Profit for the year	-	774,004	774,004
<b>At 31 December 2021</b>	<u>50,000</u>	<u>2,049,794</u>	<u>2,099,794</u>

The notes on pages 15 to 26 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b> £	<b>2020</b> £
<b>Cash flows from operating activities</b>		
Profit for the financial year	774,004	398,231
<b>Adjustments for:</b>		
Depreciation of tangible assets	125,399	115,436
Loss on disposal of tangible assets	(9,924)	13,032
Interest paid	19,168	27,460
Interest received	-	(159)
Taxation charge	208,092	93,413
Decrease in stocks	-	3,400
(Increase)/decrease in debtors	(1,051,846)	170,734
(Increase)/decrease in amounts owed by groups	(175,000)	-
(Increase)/decrease in amounts owed by companies under common control	(151,993)	241,381
Increase/(decrease) in creditors	346,834	(375,811)
(Decrease)/increase in amounts owed to companies under common control	(33,289)	38,474
Corporation tax (paid)	(53,096)	(218,330)
<b>Net cash generated from operating activities</b>	<u>(1,651)</u>	<u>507,261</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(15,620)	(108,120)
Sale of tangible fixed assets	34,000	54,301
Bank interest received	-	159
<b>Net cash from investing activities</b>	<u>18,380</u>	<u>(53,660)</u>
<b>Cash flows from financing activities</b>		
Repayment of other loans	(345,000)	-
Repayment of finance leases	(148,830)	(36,069)
Other loan interest paid	(10,343)	(20,832)
HP interest paid	(8,825)	(6,628)
<b>Net cash used in financing activities</b>	<u>(512,998)</u>	<u>(63,529)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(496,269)</u>	<u>390,072</u>
Cash and cash equivalents at beginning of year	719,660	329,588
<b>Cash and cash equivalents at the end of year</b>	<u><u>223,391</u></u>	<u><u>719,660</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	223,391	719,660
	<u><u>223,391</u></u>	<u><u>719,660</u></u>

The notes on pages 15 to 26 form part of these financial statements.



**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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	<b>At 1 January 2021</b>	<b>Cash flows</b>	<b>New finance leases</b>	<b>At 31 December 2021</b>
	£	£	£	£
Cash at bank and in hand	719,660	(496,269)	-	223,391
Finance leases	(269,383)	148,830	(122,892)	(243,445)
	<u>450,277</u>	<u>(347,439)</u>	<u>(122,892)</u>	<u>(20,054)</u>

The notes on pages 15 to 26 form part of these financial statements.

## **1. General information**

O'Rourke Contracting Plc (the 'Company') is a public limited company, limited by shares, registered in England and Wales. The address of the registered office and principal place of business is Tutsham Farm, West Farleigh, Maidstone, Kent, ME15 0NE.

The principal activities of the Company are in the public and private sectors and involve surfacing, civil engineering works and maintenance.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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).

The Company's functional and presentational currency is sterling. Amounts in these financial statements have been rounded to the nearest £1.

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.

Sales are recognised in the period the work was carried out and the Company has a reasonable expectation of receiving payment.

Revenue on long-term contracts is assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, which is determined by reference to the proportion of total expected costs incurred in the completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor.

### **2.3 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.

**2. Accounting policies (continued)****2.3 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Plant and machinery	-	20%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures, fittings and equipment	-	33%	straight line and 15% reducing balance

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 profit or loss.

**2.4 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.5 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.

**2.6 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**2.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

### **2.9 Operating leases**

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

### **2.10 Leased assets**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### **2.11 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### **2.12 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

### **2.13 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

### **2.14 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 Balance sheet 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 Balance sheet.

## 2. Accounting policies (continued)

### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in 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 balance sheet 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 Balance sheet 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 balance sheet date.

### 2.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

### 2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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

In the preparation of these financial statements, management has made certain judgements and estimates which impact the measurement of various assets and liabilities and the value of transactions in the profit and loss account. Estimates and judgements are reviewed by the directors on an on-going basis and any resultant changes are reflected in the financial statements in the period in which the changes are made.

One key area of estimates and judgements is that of the measurement and recognition of amounts receivable on long term contracts, which are included within debtors. The Company has control and review procedures in place to monitor and evaluate the estimates being made to ensure they are consistent and appropriate. This includes reviewing independent certification of work done, the progress of work against contracted timescales and the costs incurred against the budget.

**4. Turnover**

The whole of the turnover is attributable to the principal activity of the Company and as such relates entirely to revenue from construction contracts.

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2021</b>	<b>As restated</b>
	<b>£</b>	<b>2020</b>
		<b>£</b>
Rental income	122,000	86,981
Government grants receivable	-	46,459
	<u>122,000</u>	<u>133,440</u>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	125,399	115,438
Other operating lease rentals	62,693	54,374
Defined contribution pension cost	<u>8,026</u>	<u>9,968</u>

**7. Auditors' remuneration**

	<b>2021</b> £	<b>2020</b> £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>26,291</u>	<u>26,350</u>

**8. Employees**

Staff costs were as follows:

	<b>2021</b> £	<b>2020</b> £
Wages and salaries	593,301	717,043
Social security costs	67,430	80,779
Cost of defined contribution scheme	8,026	9,968
	<u>668,757</u>	<u>807,790</u>

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

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
Administration	2	7
Construction	9	10
	<u>11</u>	<u>17</u>

Key management personnel are considered to be senior management personnel who are not statutory directors. Total remuneration paid to these individuals in the year was £107,428 (2020: £12,950). Total remuneration paid to the directors in the year was £nil (2020: £nil).

**9. Interest receivable**

	<b>2021</b> £	<b>2020</b> £
Other interest receivable	<u>-</u>	<u>159</u>

**10. Interest payable and similar expenses**

	<b>2021</b> £	<b>2020</b> £
Other loan interest payable	10,343	20,832
Finance leases and hire purchase contracts	8,825	6,628
	<u>19,168</u>	<u>27,460</u>

**11. Taxation**

	<b>2021</b> £	<b>As restated</b> <b>2020</b> £
<b>Corporation tax</b>		
Current tax on profits for the year	181,133	53,096
<b>Total current tax</b>	<u>181,133</u>	<u>53,096</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	26,959	40,317
<b>Total deferred tax</b>	<u>26,959</u>	<u>40,317</u>
<b>Taxation on profit on ordinary activities</b>	<u>208,092</u>	<u>93,413</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 -the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b> £	<b>As restated</b> <b>2020</b> £
Profit on ordinary activities before tax	<u>982,096</u>	<u>491,644</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	186,598	93,413
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	160	7,473
Capital allowances for year in excess of depreciation	(7,741)	(47,721)
Increase in deferred taxation rate from 19% to 25%	29,075	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	40,248
<b>Total tax charge for the year</b>	<u>208,092</u>	<u>93,413</u>



**11. Taxation (continued)****Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2021	655,833	162,141	90,005	907,979
Additions	85,428	53,084	-	138,512
Disposals	(93,235)	-	-	(93,235)
At 31 December 2021	<u>648,026</u>	<u>215,225</u>	<u>90,005</u>	<u>953,256</u>
<b>Depreciation</b>				
At 1 January 2021	295,619	34,441	81,448	411,508
Charge for the year on owned assets	30,235	758	1,530	32,523
Charge for the year on financed assets	46,941	38,908	-	85,849
Disposals	(69,159)	-	-	(69,159)
Impairment charge	-	-	7,027	7,027
At 31 December 2021	<u>303,636</u>	<u>74,107</u>	<u>90,005</u>	<u>467,748</u>
<b>Net book value</b>				
At 31 December 2021	<u>344,390</u>	<u>141,118</u>	<u>-</u>	<u>485,508</u>
<b>At 31 December 2020</b>	<u>360,214</u>	<u>127,700</u>	<u>8,557</u>	<u>496,471</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2021</b>	<b>2020</b>
	£	£
Plant and machinery	215,339	317,874
Motor vehicles	38,908	124,664
	<u>254,247</u>	<u>442,538</u>

**13. Debtors**

	<b>2021</b> £	<b>2020</b> £
<b>Due after more than one year</b>		
Other debtors	<u>162,799</u>	<u>155,260</u>
	<b>2021</b> £	<b>As restated 2020</b> £
<b>Due within one year</b>		
Trade debtors	1,192,807	1,069,504
Amounts owed by group undertakings	449,799	274,799
Amounts owed by joint ventures and associated undertakings	387,616	283,956
Other debtors	225,562	125,606
Prepayments and accrued income	97,379	36,488
Amounts recoverable on long term contracts	870,367	61,877
	<u>3,223,530</u>	<u>1,852,230</u>

**14. Cash and cash equivalents**

	<b>2021</b> £	<b>2020</b> £
Cash at bank and in hand	<u>223,391</u>	<u>719,660</u>

**15. Creditors: Amounts falling due within one year**

	<b>2021</b> £	<b>2020</b> £
Trade creditors	1,086,174	757,952
Amounts owed to companies under common control	77,815	111,104
Corporation tax	181,133	53,096
Other taxation and social security	59,047	102,418
Obligations under finance lease and hire purchase contracts	154,066	118,157
Other creditors	58,159	386,614
Accruals and deferred income	168,515	123,077
	<u>1,784,909</u>	<u>1,652,418</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

HSBC holds a fixed charge and first floating charge over all trade and assets of the Company.

The Company has access to facilities provided by the bank including an overdraft of £250,000 and cards totalling £18,000.

**16. Creditors: Amounts falling due after more than one year**

	<b>2021</b> £	<b>2020</b> £
Net obligations under finance leases and hire purchase contracts	<u>89,379</u>	<u>151,226</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

HSBC holds a fixed charge and first floating charge over all trade and assets of the Company.

The Company has access to facilities provided by the bank including an overdraft of £250,000 and cards totalling £18,000.

**17. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2021</b> £	<b>2020</b> £
Within one year	154,066	118,158
Between 1-5 years	89,379	151,226
	<u>243,445</u>	<u>269,384</u>

**18. Deferred taxation**

	<b>2021</b> £	<b>2020</b> £
At beginning of year	(94,187)	53,870
Charged to profit or loss	(26,959)	40,317
Effect of prior period adjustment	-	(188,374)
<b>At end of year</b>	<u><u>(121,146)</u></u>	<u><u>(94,187)</u></u>

The provision for deferred taxation is made up as follows:

	<b>2021</b> £	<b>As restated 2020</b> £
Fixed asset timing differences	(121,378)	(94,329)
Short term timing differences	232	142
	<u><u>(121,146)</u></u>	<u><u>(94,187)</u></u>

**19. Share capital**

	<b>2021</b> £	<b>2020</b> £
<b>Allotted, called up and fully paid</b>		
50,000 (2020 -50,000) Ordinary shares of £1.00 each	<u><u>50,000</u></u>	<u><u>50,000</u></u>

The ordinary shares carry the right to one vote each and have no restrictions on the distribution of dividends or the repayment of capital.

**20. Prior year adjustment**

The directors identified that the deferred tax liability had been incorrectly recorded as a deferred tax asset in the prior year, and have made the necessary adjustments to correct this position. The impact of this adjustment was a reduction of assets by £94,187, an increase provisions of £94,187, an increase in the deferred tax charge of £80,634 and a reduction of retained earnings brought forward of £107,740.

**21. Pension commitments**

The Company operates a defined contribution 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 £8,026 (2020: £9,968). At the year end £926 (2020: £751) was outstanding and included in other creditors.

**22. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
<b>Land and buildings</b>		
Not later than 1 year	122,000	122,000
Later than 1 year and not later than 5 years	274,500	396,500
	<u>396,500</u>	<u>518,500</u>
	2021 £	2020 £
<b>Other</b>		
Not later than 1 year	-	5,341
	<u>-</u>	<u>5,341</u>

**23. Related party transactions**

At the year end, the Company had loans outstanding due to the beneficial owners of the Company amounting to £Nil (2020: £345,000) included within other creditors. Interest has been accrued on these loans at £10,342 (2020: £18,960) and at the year end, a total of £63,671 (2020: £53,400) was included within accruals in respect of interest due on shareholders loans. During the year loans of £345,000 (2020: £Nil) were repaid to the outgoing shareholders and directors of the O'Rourke Group.

Sales of £1,203,111 (2020: £639,010) were made during the year to companies under common control of a director. At the year-end, an amount of £317,040 (2020: £222,646) was due from those companies and is recorded within debtors due within one year. Amounts totalling £48,333 (2020: £Nil) were provided for against these debts at the year end and were recognised as a doubtful debt expense in the year. Purchases of £599,385 (2019: £369,810) were made during the year from companies under common control of a director. At the year-end, an amount of £77,815 (2020: £111,104) was due to those companies and is recorded within creditors: amounts falling due within one year. Included within the purchases described above is a management charge of £240,000 (2020: £240,000) due to one of these companies during the year.

Sales of £349,456 (2020: £506,450) were made during the year to a company under common control of a beneficial owner. At the year-end, an amount of £70,575 (2020: £61,310) was due from that company and is recorded with debtors due within one year.

**24. Controlling party**

The ultimate parent undertaking is Sevenoaks Investments Limited, a company registered in England and Wales. The registered office of Sevenoaks Investments Limited is Tutsham Farm, West Farleigh, Maidstone, Kent, United Kingdom, ME15 0NE.



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