

Registration number: 02764289

V.J. Donegan & Co Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2017

The Moffatts Partnership LLP
Progress House
396 Wilmslow Road
Withington
Manchester
M20 3BN



V.J. Donegan & Co Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 24

V.J. Donegan & Co Limited

Company Information

Directors	Mr VJ Donegan
	Mrs A Donegan
	Mr V Donegan
	Mr P Rosney
	Mr M Law
	Mr C Birchall
	Mr C Donegan
Company secretary	Mrs MB Ennis
Registered office	Progress House 396 Wilmslow Road Withington Manchester M20 3BN
Auditors	The Moffatts Partnership LLP Progress House 396 Wilmslow Road Withington Manchester M20 3BN

V.J. Donegan & Co Limited

Strategic Report for the Year Ended 31 May 2017

The directors present their strategic report for the year ended 31 May 2017.

Principal activity

The principal activity of the company is tunnelling and civil engineering contractors

Fair review of the business

The company emerged from the previous years difficult trading conditions, improving on both gross and net profit levels. Significant investment in tangible fixed assets was also made in recent years, allowing for the business to grow and aid the predicted growth in the next 12 month period. The main customers continue to be large national market leaders in this business sector.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Gross Profit	£	2,102,812	1,974,268
Net Profit before Tax	£	457,236	232,176
Turnover Growth	%	(24)	10
Gross Profit Margin	%	25	19
Net Profit Margin	%	6	2

The directors are happy with the position of the business at the year end and feel confident in the ability of the business to continue to grow over the next 12 month period.

Principal risks and uncertainties

The company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the company's financial assets and liabilities or on reported profitability and on the cash flows of the company.

The company's principal financial instruments comprise of cash balances and various items such as trade debtors and trade creditors which arise directly from trading operations. The main purpose of these financial instruments is to provide finance for the company's operations.

The main financial risks arising from the company's financial instruments are liquidity risk and interest risk. The company minimises its exposure to liquidity risk by managing cash generation by its operations. In addition the company has borrowing facilities available for drawdown when required. The company regularly reviews its borrowing position and arranges fixed interest borrowings when appropriate to minimise risk from fluctuating interest rates.

Approved by the Board on 5 January 2018 and signed on its behalf by:



Mr VJ Donegan
Director

V.J. Donegan & Co Limited

Directors' Report for the Year Ended 31 May 2017

The directors present their report and the financial statements for the year ended 31 May 2017.

Directors of the company

The directors who held office during the year were as follows:

Mr VJ Donegan

Mrs A Donegan

Mr V Donegan

Mr P Rosney

Mr M Law

Mr C Birchall

Mr C Donegan (appointed 18 April 2017)

Financial instruments

Objectives and policies

The company uses various financial instruments. These include finance lease agreements and cash. Items such as trade debtors and trade creditors, that arise directly from its operations, are also used. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk.

- The company's principal financial asset, and therefore its principal risk, is cash. Liquidity risk is managed by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

- Interest rate risk is managed by using fixed rate facilities, therefore reducing exposure to rate fluctuations.

- The company's principal credit risk is trade debtors. Trade debts are monitored closely and the company does not have a history of impairments.

V.J. Donegan & Co Limited

Directors' Report for the Year Ended 31 May 2017

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial statements comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments are to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debts.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions. The interest rates and monthly repayments are fixed. The business manages the liquidity risk by ensuring there are enough funds to meet the payments.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 5 January 2018 and signed on its behalf by:



Mr VJ Donegan
Director

V.J. Donegan & Co Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

V.J. Donegan & Co Limited

Independent Auditor's Report to the Members of V.J. Donegan & Co Limited

We have audited the financial statements of V.J. Donegan & Co Limited for the year ended 31 May 2017, set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 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.

V.J. Donegan & Co Limited

Independent Auditor's Report to the Members of V.J. Donegan & Co Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



John Saxon (Senior Statutory Auditor)

For and on behalf of The Moffatts Partnership LLP, Statutory Auditor

Progress House
396 Wilmslow Road
Withington
Manchester
M20 3BN

5 January 2018

V.J. Donegan & Co Limited

Profit and Loss Account for the Year Ended 31 May 2017

	Note	Total 31 May 2017 £	Total 31 May 2016 £
Turnover	3	8,248,749	10,200,859
Cost of sales		<u>(6,145,937)</u>	<u>(8,226,591)</u>
Gross profit		2,102,812	1,974,268
Administrative expenses		<u>(1,640,654)</u>	<u>(1,739,222)</u>
Operating profit	5	<u>462,158</u>	<u>235,046</u>
Other interest receivable and similar income	6	2,132	3,270
Interest payable and similar expenses	7	<u>(7,054)</u>	<u>(6,140)</u>
		<u>(4,922)</u>	<u>(2,870)</u>
Profit before tax		457,236	232,176
Taxation	11	<u>(90,743)</u>	<u>(42,505)</u>
Profit for the financial year		<u><u>366,493</u></u>	<u><u>189,671</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 24 form an integral part of these financial statements.

V.J. Donegan & Co Limited

Statement of Comprehensive Income for the Year Ended 31 May 2017

	Note	2017 £	2016 £
Profit for the year		<u>366,493</u>	<u>189,671</u>
Total comprehensive income for the year		<u>366,493</u>	<u>189,671</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

V.J. Donegan & Co Limited

(Registration number: 02764289)

Balance Sheet as at 31 May 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	428,700	501,752
Current assets			
Stocks	13	26,466	23,105
Debtors	14	676,414	1,298,214
Cash at bank and in hand		<u>2,520,684</u>	<u>1,516,707</u>
		3,223,564	2,838,026
Creditors: Amounts falling due within one year	16	<u>(2,172,669)</u>	<u>(1,921,749)</u>
Net current assets		<u>1,050,895</u>	<u>916,277</u>
Total assets less current liabilities		1,479,595	1,418,029
Creditors: Amounts falling due after more than one year	16	-	(100,000)
Provisions for liabilities	17	<u>(37,736)</u>	<u>(42,663)</u>
Net assets		<u>1,441,859</u>	<u>1,275,366</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	<u>1,441,759</u>	<u>1,275,266</u>
Total equity		<u>1,441,859</u>	<u>1,275,366</u>

Approved and authorised by the Board on 5 January 2018 and signed on its behalf by:



Mr VJ Donegan
Director

The notes on pages 13 to 24 form an integral part of these financial statements.

V.J. Donegan & Co Limited

Statement of Changes in Equity for the Year Ended 31 May 2017

	Share capital £	Profit and loss account £	Total £
At 1 June 2016	100	1,275,266	1,275,366
Profit for the year	-	366,493	366,493
Total comprehensive income	-	366,493	366,493
Dividends	-	(200,000)	(200,000)
At 31 May 2017	100	1,441,759	1,441,859

	Share capital £	Profit and loss account £	Total £
At 1 June 2015	100	1,202,595	1,202,695
Profit for the year	-	189,671	189,671
Total comprehensive income	-	189,671	189,671
Dividends	-	(117,000)	(117,000)
At 31 May 2016	100	1,275,266	1,275,366

The notes on pages 13 to 24 form an integral part of these financial statements.

V.J. Donegan & Co Limited

Statement of Cash Flows for the Year Ended 31 May 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		366,493	189,671
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	91,737	109,214
(Profit)/loss on disposal of tangible assets	4	(3,098)	522
Finance income	6	(2,132)	(3,270)
Finance costs	7	7,054	6,140
Income tax expense	11	90,743	42,505
		<u>550,797</u>	<u>344,782</u>
Working capital adjustments			
Increase in stocks	13	(3,361)	(3,851)
Decrease/(increase) in trade debtors	14	621,800	(505,254)
Increase in trade creditors	16	398,100	189,682
Cash generated from operations		1,567,336	25,359
Income taxes paid	11	(52,608)	(120,246)
Net cash flow from operating activities		<u>1,514,728</u>	<u>(94,887)</u>
Cash flows from investing activities			
Interest received	6	2,132	3,270
Acquisitions of tangible assets		(27,198)	(60,049)
Proceeds from sale of tangible assets		11,610	11,500
Net cash flows from investing activities		<u>(13,456)</u>	<u>(45,279)</u>
Cash flows from financing activities			
Proceeds from other borrowing draw downs		831	-
Repayment of other borrowing		-	(1,094)
Payments to finance lease creditors		(107,054)	(106,140)
Dividends paid		(200,000)	(117,000)
Net cash flows from financing activities		<u>(306,223)</u>	<u>(224,234)</u>
Net increase/(decrease) in cash and cash equivalents		1,195,049	(364,400)
Cash and cash equivalents at 1 June		<u>1,325,635</u>	<u>1,690,035</u>
Cash and cash equivalents at 31 May		<u><u>2,520,684</u></u>	<u><u>1,325,635</u></u>

The notes on pages 13 to 24 form an integral part of these financial statements.

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

1 General information

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

The address of its registered office is:

Progress House
396 Wilmslow Road
Withington
Manchester
M20 3BN

These financial statements were authorised for issue by the Board on 5 January 2018.

2 Accounting policies

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.

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' and with Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 25 for an explanation of the transition.

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.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

Tax

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

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 taxable income.

Deferred income 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 income 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, as follows:

Asset class	Depreciation method and rate
Plant and machinery	15% reducing balance basis
Motor vehicles	25% reducing balance basis
Office equipment	25% reducing balance basis

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

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 inventories 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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

The company recognises in accruals a provision for holiday pay accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Leases

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 the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Rendering of services	<u>8,248,749</u>	<u>10,200,859</u>

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	<u>3,098</u>	<u>(522)</u>

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	91,737	109,214
(Profit)/loss on disposal of property, plant and equipment	<u>(3,098)</u>	<u>522</u>

6 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	<u>2,132</u>	<u>3,270</u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest on obligations under finance leases and hire purchase contracts	5,940	6,140
Interest expense on other finance liabilities	<u>1,114</u>	<u>-</u>
	<u><u>7,054</u></u>	<u><u>6,140</u></u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	1,913,114	2,028,968
Social security costs	38,162	31,845
Pension costs, defined contribution scheme	78,983	221,398
Other employee expense	<u>13,837</u>	<u>59,466</u>
	<u><u>2,044,096</u></u>	<u><u>2,341,677</u></u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Production	28	31
Administration and support	<u>17</u>	<u>17</u>
	<u><u>45</u></u>	<u><u>48</u></u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Emoluments (including benefits in kind)	378,005	298,432
Contributions paid to money purchase schemes	-	30,000
	<u>378,005</u>	<u>328,432</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017	2016
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2017	2016
	£	£
Emoluments	<u>80,930</u>	<u>86,407</u>

10 Auditors' remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>7,500</u>	<u>6,150</u>
Other fees to auditors		
All other non-audit services	<u>7,307</u>	<u>7,200</u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

11 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	95,671	52,608
Deferred taxation		
Arising from origination and reversal of timing differences	(4,928)	(10,103)
Tax expense in the income statement	<u>90,743</u>	<u>42,505</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>457,236</u>	<u>232,176</u>
Corporation tax at standard rate	91,447	46,435
Effect of expense not deductible in determining taxable profit (tax loss)	2,089	25,222
Tax increase/(decrease) from effect of capital allowances and depreciation	2,940	(11,844)
Tax decrease from other short-term timing differences	(4,927)	(10,103)
Tax decrease from changes in tax provisions due to legislation	<u>(806)</u>	<u>(7,205)</u>
Total tax charge	<u>90,743</u>	<u>42,505</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2017	
Accelerated Capital Allowances	<u>37,736</u>
2016	
Accelerated Capital Allowances	<u>42,663</u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

12 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 June 2016	34,188	344,547	1,064,796	1,443,531
Additions	10,918	16,280	-	27,198
Disposals	-	(29,308)	-	(29,308)
At 31 May 2017	<u>45,106</u>	<u>331,519</u>	<u>1,064,796</u>	<u>1,441,421</u>
Depreciation				
At 1 June 2016	26,602	220,350	694,827	941,779
Charge for the year	3,474	32,769	55,495	91,738
Eliminated on disposal	-	(20,796)	-	(20,796)
At 31 May 2017	<u>30,076</u>	<u>232,323</u>	<u>750,322</u>	<u>1,012,721</u>
Carrying amount				
At 31 May 2017	<u>15,030</u>	<u>99,196</u>	<u>314,474</u>	<u>428,700</u>
At 31 May 2016	<u>7,586</u>	<u>124,197</u>	<u>369,969</u>	<u>501,752</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Property, Plant and Equipment	<u>233,774</u>	<u>242,671</u>

13 Stocks

	2017 £	2016 £
Other inventories	<u>26,466</u>	<u>23,105</u>

14 Debtors

	2017 £	2016 £
Trade debtors	658,823	1,199,387
Prepayments	<u>17,591</u>	<u>98,827</u>
Total current trade and other debtors	<u>676,414</u>	<u>1,298,214</u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

15 Cash and cash equivalents

	2017	2016
	£	£
Cash on hand	1,481	1,481
Cash at bank	1,001,845	3,018
Short-term deposits	<u>1,517,358</u>	<u>1,512,208</u>
	2,520,684	1,516,707
Bank overdrafts	<u>-</u>	<u>(191,072)</u>
Cash and cash equivalents in statement of cash flows	<u><u>2,520,684</u></u>	<u><u>1,325,635</u></u>

16 Creditors

	Note	2017	2016
		£	£
Due within one year			
Loans and borrowings	21	141,233	331,476
Trade creditors		601,311	954,790
Amounts due to related parties	23	74,419	124,551
Social security and other taxes		189,227	228,960
Outstanding defined contribution pension costs		2,697	-
Other payables		6,426	8,085
Accrued expenses		1,061,685	221,279
Income tax liability	11	<u>95,671</u>	<u>52,608</u>
		<u><u>2,172,669</u></u>	<u><u>1,921,749</u></u>
Due after one year			
Loans and borrowings	21	<u>-</u>	<u>100,000</u>

17 Deferred tax and other provisions

	Deferred tax	Total
	£	£
At 1 June 2016	42,663	42,663
Increase (decrease) in existing provisions	<u>(4,927)</u>	<u>(4,927)</u>
At 31 May 2017	<u><u>37,736</u></u>	<u><u>37,736</u></u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £78,983 (2016 - £221,398).

Contributions totalling £2,697 (2016 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20 Reserves

Share capital

Share capital represents the nominal value of shares that have been issued.

Profit and Loss account

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

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

21 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Finance lease liabilities	-	100,000

	2017 £	2016 £
Current loans and borrowings		
Bank overdrafts	-	191,072
Finance lease liabilities	100,000	100,000
Other borrowings	41,233	40,404
	<u>141,233</u>	<u>331,476</u>

Bank overdrafts

The bank overdraft is secured against assets of the company via a floating charge.

22 Obligations under leases and hire purchase contracts

Finance leases

The hire purchase liability is secured against the asset it relates to.

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	100,000	100,000
Later than one year and not later than five years	-	100,000
	<u>100,000</u>	<u>200,000</u>

V.J. Donegan & Co Limited

Notes to the Financial Statements for the Year Ended 31 May 2017

23 Related party transactions

Summary of transactions with parent

V.J Donegan & Co (Plant) Ltd - Ultimate parent company

During the year the company received invoiced services and rent charges from V.J Donegan and Co (Plant) Ltd.

V.J Donegan and Co (Plant) Ltd is also a shareholder and was paid dividends of £154,000 (2016: £77,000) during the year.

Summary of transactions with other related parties

Surco Limited

(Companies share a common director, Mr C Birchall)

During the year the company received invoiced services for training purposes. Transactions were made on terms equivalent to arms length transactions.

Expenditure with and payables to related parties

	Parent £	
2017		
Rendering of services	985,014	
Leases	20,000	
	<u>1,005,014</u>	
Amounts payable to related party	<u>74,419</u>	
		Other related parties £
2016	Parent £	
Rendering of services	1,214,857	44
Leases	20,000	-
	<u>1,234,857</u>	<u>44</u>
Amounts payable to related party	<u>124,551</u>	<u>-</u>

24 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is V.J. Donegan & Co (Plant) Limited, incorporated in England and Wales.

These financial statements are available upon request from Companies House

V.J. Donegan & Co Limited

Detailed Profit and Loss Account for the Year Ended 31 May 2017

	2017	2016
	£	£
Turnover (analysed below)	8,248,749	10,200,859
Cost of sales (analysed below)	<u>(6,145,937)</u>	<u>(8,226,591)</u>
Gross profit	<u>2,102,812</u>	<u>1,974,268</u>
Gross profit (%)	25.49%	19.35%
Administrative expenses		
Employment costs (analysed below)	(1,001,415)	(1,088,454)
Establishment costs (analysed below)	(19,999)	(19,999)
General administrative expenses (analysed below)	(522,590)	(511,668)
Finance charges (analysed below)	(8,011)	(9,365)
Depreciation costs (analysed below)	(91,737)	(109,214)
Other expenses (analysed below)	<u>3,098</u>	<u>(522)</u>
	<u>(1,640,654)</u>	<u>(1,739,222)</u>
Operating profit	<u>462,158</u>	<u>235,046</u>
Other interest receivable and similar income (analysed below)	2,132	3,270
Interest payable and similar charges (analysed below)	<u>(7,054)</u>	<u>(6,140)</u>
	<u>(4,922)</u>	<u>(2,870)</u>
Profit before tax	<u><u>457,236</u></u>	<u><u>232,176</u></u>

V.J. Donegan & Co Limited

Detailed Profit and Loss Account for the Year Ended 31 May 2017

	2017	2016
	£	£
Turnover		
Rendering of services, UK	<u>8,248,749</u>	<u>10,200,859</u>
Cost of sales		
Purchases	1,126,661	2,912,629
Direct costs	168,935	180,225
Wages and salaries	1,028,844	1,193,757
Subcontract cost	2,080,807	2,000,470
Hire of plant and machinery (Spot hire)	1,456,363	1,715,339
Plant repairs	<u>284,327</u>	<u>224,171</u>
	<u>6,145,937</u>	<u>8,226,591</u>
Employment costs		
Wages and salaries	532,508	547,397
Directors remuneration	351,762	287,814
Directors NIC (Employers)	38,162	31,845
Staff pensions (Defined contribution)	78,983	191,398
Directors pensions (Defined contribution)	<u>-</u>	<u>30,000</u>
	<u>1,001,415</u>	<u>1,088,454</u>
Establishment costs		
Rent	<u>19,999</u>	<u>19,999</u>

This page does not form part of the statutory financial statements.

V.J. Donegan & Co Limited

Detailed Profit and Loss Account for the Year Ended 31 May 2017

General administrative expenses

Staff training	13,837	59,466
Insurance	251,244	190,276
Repairs and renewals	1,088	209
Telephone and fax	10,143	10,445
Computer software and maintenance costs	3,030	7,085
Printing, postage and stationery	7,291	6,367
Trade subscriptions	19,118	5,697
Charitable donations	4,070	3,183
Sundry expenses	5,432	4,034
Cleaning	14,762	10,346
Motor and travel expenses	117,573	96,758
Advertising	650	1,302
Staff entertaining (allowable for tax)	6,866	1,500
Customer entertaining (disallowable for tax)	10,446	16,378
Auditor's remuneration - The audit of the company's annual accounts	7,500	6,150
Auditors' remuneration - non audit work	7,307	7,200
Consultancy fees	42,233	84,925
Legal and professional fees	-	347
	<u>522,590</u>	<u>511,668</u>

Finance charges

Bank charges	<u>8,011</u>	<u>9,365</u>
--------------	--------------	--------------

Depreciation costs

Depreciation of other tangible (owned)	50,482	60,680
Depreciation of other tangible (finance lease/hp)	<u>41,255</u>	<u>48,534</u>
	<u>91,737</u>	<u>109,214</u>

Other expenses

(Profit)/loss on disposal of tangible fixed assets	<u>3,098</u>	<u>(522)</u>
--	--------------	--------------

Other interest receivable and similar income

Bank interest receivable	<u>2,132</u>	<u>3,270</u>
--------------------------	--------------	--------------

Interest payable and similar expenses

Hire purchase interest	5,940	6,140
Other interest payable	<u>1,114</u>	<u>-</u>
	<u>7,054</u>	<u>6,140</u>

This page does not form part of the statutory financial statements.