

'Co House /TENDER'

Registration number: 02764289

# V.J. Donegan & Co Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2018

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



## **V.J. Donegan & Co Limited**

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## **V.J. Donegan & Co Limited**

### **Company Information**

<b>Directors</b>	Mr C Birchall
	Mrs A Donegan
	Mr C Donegan
	Mr M Law
	Mr P Rosney
	Mr V Donegan
	Mr VJ Donegan
<b>Company secretary</b>	Mrs MB Ennis
<b>Registered office</b>	Progress House
	396 Wilmslow Road
	Withington
	Manchester
	M20 3BN
<b>Auditors</b>	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 2018

The directors present their strategic report for the year ended 31 May 2018.

#### 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 with improving gross 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	2018	2017
Gross Profit	£	2,569,760	2,278,987
Net Profit before Tax	£	384,576	457,236
Turnover Growth	%	8	(19)
Gross Profit Margin	%	29	28
Net Profit Margin	%	4	6

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 31 October 2018 and signed on its behalf by:



Mr VJ Donegan  
Director

## **V.J. Donegan & Co Limited**

### **Directors' Report for the Year Ended 31 May 2018**

The directors present their report and the financial statements for the year ended 31 May 2018.

#### **Directors of the company**

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

Mr C Birchall

Mrs A Donegan

Mr C Donegan

Mr M Law

Mr P Rosney

Mr V Donegan

Mr VJ Donegan

#### **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 2018**

#### ***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 31 October 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**

#### **Opinion**

We have audited the financial statements of V.J. Donegan & Co Limited (the 'company') for the year ended 31 May 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



## **V.J. Donegan & Co Limited**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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.

#### **Matters on which we are required to report by exception**

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.

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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

## V.J. Donegan & Co Limited

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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

31 October 2018

# **V.J. Donegan & Co Limited**

## **Profit and Loss Account for the Year Ended 31 May 2018**

	Note	2018 £	2017 £
Turnover	3	8,872,811	8,248,749
Cost of sales		<u>(6,303,051)</u>	<u>(5,969,762)</u>
Gross profit		2,569,760	2,278,987
Administrative expenses		(2,215,089)	(1,842,622)
Other operating income	4	<u>34,687</u>	<u>25,793</u>
Operating profit	6	<u>389,358</u>	<u>462,158</u>
Other interest receivable and similar income	7	1,347	2,132
Interest payable and similar expenses	8	<u>(6,131)</u>	<u>(7,054)</u>
		<u>(4,784)</u>	<u>(4,922)</u>
Profit before tax		384,574	457,236
Taxation	12	<u>(90,613)</u>	<u>(90,743)</u>
Profit for the financial year		<u><u>293,961</u></u>	<u><u>366,493</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 14 to 27 form an integral part of these financial statements.

**V.J. Donegan & Co Limited**

**Statement of Comprehensive Income for the Year Ended 31 May 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit for the year	<u>293,961</u>	<u>366,493</u>
Total comprehensive income for the year	<u><u>293,961</u></u>	<u><u>366,493</u></u>

# V.J. Donegan & Co Limited

(Registration number: 02764289)

## Balance Sheet as at 31 May 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	422,517	428,702
<b>Current assets</b>			
Stocks	14	28,170	26,466
Debtors	15	1,350,932	676,412
Cash at bank and in hand		<u>1,522,552</u>	<u>2,520,684</u>
		2,901,654	3,223,562
<b>Creditors: Amounts falling due within one year</b>	17	<u>(1,742,739)</u>	<u>(2,172,669)</u>
<b>Net current assets</b>		<u>1,158,915</u>	<u>1,050,893</u>
<b>Total assets less current liabilities</b>		1,581,432	1,479,595
<b>Provisions for liabilities</b>	18	<u>(45,612)</u>	<u>(37,736)</u>
<b>Net assets</b>		<u>1,535,820</u>	<u>1,441,859</u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	<u>1,535,720</u>	<u>1,441,759</u>
<b>Total equity</b>		<u>1,535,820</u>	<u>1,441,859</u>

Approved and authorised by the Board on 31 October 2018 and signed on its behalf by:



Mr VJ Donegan  
Director

The notes on pages 14 to 27 form an integral part of these financial statements.

# V.J. Donegan & Co Limited

## Statement of Changes in Equity for the Year Ended 31 May 2018

	Share capital £	Profit and loss account £	Total £
At 1 June 2017	100	1,441,759	1,441,859
Profit for the year	-	293,961	293,961
Total comprehensive income	-	293,961	293,961
Dividends	-	(200,000)	(200,000)
At 31 May 2018	100	1,535,720	1,535,820

	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

# V.J. Donegan & Co Limited

## Statement of Cash Flows for the Year Ended 31 May 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit for the year		293,961	366,493
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	86,543	91,737
Loss/(profit) on disposal of tangible assets	5	329	(3,098)
Finance income	7	(1,347)	(2,132)
Finance costs	8	6,131	7,054
Income tax expense	12	90,613	90,743
		476,230	550,797
Working capital adjustments			
Increase in stocks	14	(1,704)	(3,361)
(Increase)/decrease in trade debtors	15	(674,520)	621,801
(Decrease)/increase in trade creditors	17	(316,996)	398,930
Cash generated from operations		(516,990)	1,568,167
Income taxes paid	12	(95,671)	(52,608)
Net cash flow from operating activities		(612,661)	1,515,559
<b>Cash flows from investing activities</b>			
Interest received	7	1,347	2,132
Acquisitions of tangible assets		(80,688)	(27,198)
Proceeds from sale of tangible assets		-	11,609
Net cash flows from investing activities		(79,341)	(13,457)
<b>Cash flows from financing activities</b>			
Payments to finance lease creditors		(106,130)	(107,053)
Dividends paid		(200,000)	(200,000)
Net cash flows from financing activities		(306,130)	(307,053)
Net (decrease)/increase in cash and cash equivalents		(998,132)	1,195,049
Cash and cash equivalents at 1 June		2,520,684	1,325,635
Cash and cash equivalents at 31 May		1,522,552	2,520,684

The notes on pages 14 to 27 form an integral part of these financial statements.

## **V.J. Donegan & Co Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2018**

#### **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

The principal place of business is:

Europa Way  
Cheadle Heath  
Cheadle  
Stockport  
Cheshire  
SK3 0WT  
England

These financial statements were authorised for issue by the Board on 31 October 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.

##### **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.



## V.J. Donegan & Co Limited

### Notes to the Financial Statements for the Year Ended 31 May 2018

#### Reclassification of comparative amounts

Certain reclassifications have been made to the prior years financial statements to enhance comparability with the current years financial statements.

As a result, certain line items have been amended in the Profit & Loss account. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Previously reported	Adjustment	After reclassification
Cost of Sales	6,145,937	(176,175)	5,969,762
Administrative Expenses	1,640,654	176,175	1,816,829
	<u>7,786,591</u>	<u>-</u>	<u>7,786,591</u>

#### 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.

#### Government grants

The company recognises government grants under the performance model. The grants do not impose specified future performance-related conditions and are therefore recognised in income when the grants proceeds are received.

#### 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 tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

## **V.J. Donegan & Co Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2018**

#### **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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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.

#### **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.

## **V.J. Donegan & Co Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2018**

#### **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.

#### **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.

## V.J. Donegan & Co Limited

### Notes to the Financial Statements for the Year Ended 31 May 2018

#### 3 Revenue

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

	2018 £	2017 £
Rendering of services	<u>8,872,811</u>	<u>8,248,749</u>

#### 4 Other operating income

The analysis of the company's grants recognised in the year is as follows:

	2018 £	2017 £
Government grants	<u>34,687</u>	<u>25,793</u>

During the year the company received grants from the Construction Industry Training Board (CITB) in relation to staff training costs paid during the year of £59,049 (2017: £45,218).

#### 5 Other gains and losses

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

	2018 £	2017 £
Gain (loss) on disposal of property, plant and equipment	<u>(329)</u>	<u>3,098</u>

#### 6 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	86,543	91,737
Loss/(profit) on disposal of property, plant and equipment	<u>329</u>	<u>(3,098)</u>

#### 7 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	<u>1,347</u>	<u>2,132</u>

#### 8 Interest payable and similar expenses

	2018 £	2017 £
Interest on obligations under finance leases and hire purchase contracts	6,036	5,940
Interest expense on other finance liabilities	<u>95</u>	<u>1,114</u>
	<u>6,131</u>	<u>7,054</u>

## **V.J. Donegan & Co Limited**

### **Notes to the Financial Statements for the Year Ended 31 May 2018**

#### **9 Staff costs**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,766,672	1,617,213
Social security costs	97,141	84,561
Pension costs, defined contribution scheme	245,833	78,983
Other employee expense	59,049	45,219
	<u>2,168,695</u>	<u>1,825,976</u>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Production	26	25
Administration and support	17	16
	<u>43</u>	<u>41</u>

# **V.J. Donegan & Co Limited**

## **Notes to the Financial Statements for the Year Ended 31 May 2018**

### **10 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Emoluments (including benefits in kind)	<u>401,690</u>	<u>349,683</u>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Emoluments	<u>80,680</u>	<u>80,930</u>

### **11 Auditors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>6,500</u>	<u>6,500</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>7,295</u>	<u>8,307</u>

# **V.J. Donegan & Co Limited**

## **Notes to the Financial Statements for the Year Ended 31 May 2018**

### **12 Taxation**

Tax charged/(credited) in the income statement

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	82,737	95,671
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>7,876</u>	<u>(4,928)</u>
Tax expense in the income statement	<u><u>90,613</u></u>	<u><u>90,743</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>384,574</u>	<u>457,236</u>
Corporation tax at standard rate	73,069	91,447
Effect of expense not deductible in determining taxable profit (tax loss)	5,056	2,089
Tax increase (decrease) from effect of capital allowances and depreciation	7,455	2,940
Tax increase (decrease) from other short-term timing differences	7,876	(4,927)
Tax increase (decrease) from changes in tax provisions due to legislation	<u>(2,843)</u>	<u>(806)</u>
Total tax charge	<u><u>90,613</u></u>	<u><u>90,743</u></u>

### **Deferred tax**

Deferred tax assets and liabilities

	<b>Liability</b>
	<b>£</b>
<b>2018</b>	
Accelerated Capital Allowances	<u>45,612</u>
<b>2017</b>	
Accelerated Capital Allowances	<u><u>37,736</u></u>

# V.J. Donegan & Co Limited

## Notes to the Financial Statements for the Year Ended 31 May 2018

### 13 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>			
At 1 June 2017	1,109,902	331,519	1,441,421
Additions	2,319	78,369	80,688
Disposals	-	(11,495)	(11,495)
At 31 May 2018	<u>1,112,221</u>	<u>398,393</u>	<u>1,510,614</u>
<b>Depreciation</b>			
At 1 June 2017	780,398	232,323	1,012,721
Charge for the year	51,106	35,436	86,542
Eliminated on disposal	-	(11,166)	(11,166)
At 31 May 2018	<u>831,504</u>	<u>256,593</u>	<u>1,088,097</u>
<b>Carrying amount</b>			
At 31 May 2018	<u>280,717</u>	<u>141,800</u>	<u>422,517</u>
At 31 May 2017	<u>329,505</u>	<u>99,197</u>	<u>428,702</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:

	2018 £	2017 £
Property, Plant and Equipment	<u>198,708</u>	<u>233,774</u>

### 14 Stocks

	2018 £	2017 £
Other inventories	<u>28,170</u>	<u>26,466</u>



# V.J. Donegan & Co Limited

## Notes to the Financial Statements for the Year Ended 31 May 2018

### 15 Debtors

	Note	2018 £	2017 £
Trade debtors		1,315,894	658,823
Amounts owed by related parties	24	2,229	-
Prepayments		32,809	17,589
Total current trade and other debtors		<u>1,350,932</u>	<u>676,412</u>

### 16 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	1,249	1,481
Cash at bank	2,597	1,001,845
Short-term deposits	1,518,706	1,517,358
	<u>1,522,552</u>	<u>2,520,684</u>

### 17 Creditors

	Note	2018 £	2017 £
<b>Due within one year</b>			
Loans and borrowings	22	-	100,000
Trade creditors		657,767	601,311
Amounts due to related parties	24	166,782	115,652
Social security and other taxes		120,057	189,227
Outstanding defined contribution pension costs		5,669	2,697
Other payables		13,293	6,426
Accrued expenses		696,434	1,061,685
Income tax liability	12	82,737	95,671
		<u>1,742,739</u>	<u>2,172,669</u>

### 18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 June 2017	37,736	37,736
Increase (decrease) in existing provisions	7,876	7,876
At 31 May 2018	<u>45,612</u>	<u>45,612</u>

## V.J. Donegan & Co Limited

### Notes to the Financial Statements for the Year Ended 31 May 2018

#### 19 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 £245,833 (2017 - £78,983).

Contributions totalling £5,669 (2017 - £2,697) were payable to the scheme at the end of the year and are included in creditors.

#### 20 Share capital

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

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

#### 21 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 2018

#### 22 Loans and borrowings

	2018 £	2017 £
<b>Current loans and borrowings</b>		
Finance lease liabilities		100,000
<b>Bank overdrafts</b>		

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

#### 23 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:

	2018 £	2017 £
Not later than one year		100,000

# V.J. Donegan & Co Limited

## Notes to the Financial Statements for the Year Ended 31 May 2018

### 24 Related party transactions

#### Transactions with directors

	At 1 June 2017 £	At 31 May 2018 £
<b>2018</b>		
Mr VJ Donegan	<u>41,233</u>	<u>41,233</u>
	At 1 June 2016 £	At 31 May 2017 £
<b>2017</b>		
Mr VJ Donegan	<u>41,233</u>	<u>41,233</u>

#### Dividends paid to directors

	2018 £	2017 £
Mr C Birchall	<u>10,000</u>	<u>10,000</u>
Mr C Donegan	<u>12,000</u>	<u>12,000</u>
Mr V Donegan	<u>12,000</u>	<u>12,000</u>

#### 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 (2017: £77,000) during the year.

## V.J. Donegan & Co Limited

### Notes to the Financial Statements for the Year Ended 31 May 2018

#### 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 £	Other related parties £
<b>2018</b>		
Rendering of services	973,475	210
Leases	20,000	-
	<u>993,475</u>	<u>210</u>
Amounts payable to related party	<u>125,549</u>	<u>-</u>
<b>2017</b>		Parent £
Rendering of services		985,014
Leases		20,000
		<u>1,005,014</u>
Amounts payable to related party		<u>74,419</u>
<b>Loans to related parties</b>		Parent £
<b>2018</b>		
Advanced		<u>2,229</u>

#### 25 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

The parent of the largest group in which these financial statements are consolidated is V.J. Donegan & Co (Plant) Limited (Company No. 0301594), incorporated in England and Wales.

The address of V.J. Donegan & Co (Plant) Limited (Company No. 0301594) is:

Europa way  
Cheadle Heath  
Cheadle  
SK3 0WT