

DOWHIGH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

DOWHIGH LIMITED

COMPANY INFORMATION

Directors	M. Murray T. D. Murray B. W. G. Morrey
Registered number	01210665
Registered office	Park Lane West Netherton Liverpool Merseyside L30 6UH
Independent auditors	Langtons Professional Services Limited Chartered Accountants & Statutory Auditor The Plaza 100 Old Hall Street Liverpool L3 9QJ

DOWHIGH LIMITED

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

Business review

The company continues to focus on the highway repair requirements of local authority and connected clients. The Coronavirus pandemic restricted business and efficiencies in the final three months of 2019/20, but in 2020/21 there was a recovery and a number of contract opportunities and improvements in working practices that resulted in an increase in turnover and a satisfactory trading result. The directors also took the opportunity during the year to invest substantially in new plant and vehicles.

Principal risks and uncertainties

The company uses various financial instruments, including cash, trade debtors and trade creditors, that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below:-

Liquidity Risk

The company seeks to manage financial risks by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by the use of overdraft facilities and hire purchase arrangements. The maturity of borrowings is set out in the notes to the financial statements.

Credit Risk

The company's principal credit risks are those associated with its trade debtors and amounts recoverable on contracts. In order to manage credit risk, contract work is generally restricted to local authorities and others with an established payments history. Short-term work is invoiced promptly, and the longer-term work is measured, applied for and invoiced on a monthly basis. Debt ageing is reviewed on a regular basis.

Financial key performance indicators

The company considers that its main key performance indicators are turnover and gross profit, both of which saw an increase in the year.

Future developments

Despite the current financial year being adversely affected by price pressures both from its local authority clients and from the company's suppliers of materials and services, in the first five months the company has been able to maintain its activity levels satisfactorily, and the directors therefore remain confident about the remainder of the year and beyond.

This report was approved by the board on 20 December 2021 and signed on its behalf.

T. D. Murray
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2021**

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

Results and dividends

The profit for the year, after taxation, amounted to £502,446 (2020 - £440,714).

Dividends amounting to £97,223 (2020 - £83,544) were declared and paid in the year. No further dividends are proposed for the year.

Principal activity

The principal activity of the company is in civil engineering and in particular the construction and repair of road and similar surfaces.

Directors

The directors who served during the year were:

M. Murray
T. D. Murray
P. P. Allard (resigned 1 April 2021)
B. W. G. Morrey

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

DOWHIGH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

Matters covered in the strategic report

The business review and future developments, principal risks and uncertainties and key performance indicators are covered in the strategic report.

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, Langtons Professional Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 December 2021 and signed on its behalf.

T. D. Murray

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOWHIGH LIMITED

Opinion

We have audited the financial statements of Dowhigh Limited (the 'Company') for the year ended 31 May 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOWHIGH LIMITED (CONTINUED)

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 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOWHIGH LIMITED (CONTINUED)

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 within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud,

to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOWHIGH LIMITED (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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.

Stephen Talbot (Senior statutory auditor)

for and on behalf of

Langtons Professional Services Limited

Chartered Accountants

Statutory Auditor

The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

20 December 2021

DOWHIGH LIMITED

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

	Note	2021 £	2020 £
Turnover	4	13,690,269	11,547,184
Cost of sales		(12,091,799)	(10,216,638)
Gross profit		1,598,470	1,330,546
Administrative expenses		(860,986)	(813,336)
Other operating income	5	20,804	55,374
Operating profit	6	758,288	572,584
Interest receivable and similar income	10	2,920	18,474
Interest payable and similar expenses	11	(16,844)	(15,306)
Profit before tax		744,364	575,752
Tax on profit	12	(241,918)	(135,038)
Profit for the financial year		502,446	440,714

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

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

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

DOWHIGH LIMITED
REGISTERED NUMBER: 01210665

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	2,559,052	1,902,953
		<u>2,559,052</u>	<u>1,902,953</u>
Current assets			
Stocks	15	26,611	25,745
Debtors: amounts falling due within one year	16	3,549,910	2,338,787
Cash at bank and in hand	17	2,798,315	2,966,060
		<u>6,374,836</u>	<u>5,330,592</u>
Creditors: amounts falling due within one year	18	(3,035,904)	(2,376,562)
Net current assets		<u>3,338,932</u>	<u>2,954,030</u>
Total assets less current liabilities		<u>5,897,984</u>	<u>4,856,983</u>
Creditors: amounts falling due after more than one year	19	(492,897)	(112,422)
Provisions for liabilities			
Deferred tax	22	(447,850)	(192,547)
		<u>(447,850)</u>	<u>(192,547)</u>
Net assets		<u><u>4,957,237</u></u>	<u><u>4,552,014</u></u>
Capital and reserves			
Called up share capital	23	6,660	6,955
Capital redemption reserve	24	3,340	3,045
Profit and loss account	24	4,947,237	4,542,014
		<u><u>4,957,237</u></u>	<u><u>4,552,014</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2021.

T. D. Murray
Director

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

DOWHIGH LIMITED

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

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 June 2019	6,955	3,045	4,184,844	4,194,844
Comprehensive income for the year				
Profit for the year	-	-	440,714	440,714
Total comprehensive income for the year	-	-	440,714	440,714
Dividends: Equity capital	-	-	(83,544)	(83,544)
Total transactions with owners	-	-	(83,544)	(83,544)
At 1 June 2020	6,955	3,045	4,542,014	4,552,014
Comprehensive income for the year				
Profit for the year	-	-	502,446	502,446
Total comprehensive income for the year	-	-	502,446	502,446
Dividends: Equity capital	-	-	(97,223)	(97,223)
Purchase of own shares	-	295	-	295
Shares cancelled during the year	(295)	-	-	(295)
Total transactions with owners	(295)	295	(97,223)	(97,223)
At 31 May 2021	6,660	3,340	4,947,237	4,957,237

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

DOWHIGH LIMITED

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

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	502,446	440,714
Adjustments for:		
Depreciation of tangible assets	392,602	330,150
Loss on disposal of tangible assets	(66,364)	(14,382)
Interest paid	16,844	15,306
Interest received	(2,920)	(18,474)
Taxation charge	241,918	135,038
(Increase)/decrease in stocks	(866)	24,001
(Increase)/decrease in debtors	(1,197,874)	197,842
Increase/(decrease) in creditors	594,874	(688,532)
Corporation tax (paid)	(115,355)	(66,179)
Net cash generated from operating activities	365,305	355,484
Cash flows from investing activities		
Purchase of tangible fixed assets	(176,805)	(147,852)
Sale of tangible fixed assets	182,473	64,500
Interest received	2,920	18,474
HP interest paid	(16,680)	(15,306)
Net cash from investing activities	(8,092)	(80,184)
Cash flows from financing activities		
Repayment of/new hire purchase agreements	(427,571)	(227,697)
Dividends paid	(97,223)	(83,544)
Interest paid	(164)	-
Net cash used in financing activities	(524,958)	(311,241)

DOWHIGH LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

	2021 £	2020 £
Net (decrease) in cash and cash equivalents	(167,745)	(35,941)
Cash and cash equivalents at beginning of year	2,966,060	3,002,001
Cash and cash equivalents at the end of year	<u>2,798,315</u>	<u>2,966,060</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,798,315	2,966,060
	<u>2,798,315</u>	<u>2,966,060</u>

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

DOWHIGH LIMITED

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

	At 1 June 2020	Cash flows	At 31 Ma
	£	£	202
Cash at bank and in hand	2,966,060	(167,745)	2,798,315
Debt due within 1 year	(418,304)	70,434	(347,870)
Hire purchase	(279,291)	(560,433)	(839,724)
	<u>2,268,465</u>	<u>(657,744)</u>	<u>1,610,721</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

1. General information

Dowhigh Limited is a private limited company incorporated in England and Wales. Its registered office is Park Lane West, Netherton, Liverpool, Merseyside, L30 6UH. The company number is 01210665.

The principal activity of the company is in civil engineering and in particular the construction and repair of road and similar surfaces.

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 presentation currency of these financial statements is £ sterling; the financial statements are rounded to the nearest £.

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 following principal accounting policies have been applied:

2.2 Going concern

The company has cash resources and the only external funding is hire purchase contracts. The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future and therefore believe the going concern basis of accounting appropriate in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

2.4 Contract Accounting

The company's contracts are generally of a short-term nature, and accordingly the profit or loss on individual contracts is not accounted for until the work is complete. Profit or loss on longer-term and annual contracts is taken as the work progresses.

Work completed but not invoiced is included at selling value as Amounts Recoverable on Contracts (see Debtors).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold buildings	- 5% straight line
Plant & machinery	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures & fittings	- 15% reducing balance
Computer equipment	- 33% 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 the Statement of comprehensive income.

2.6 Stocks

Stocks of materials are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.9 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 and loans from related parties.

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

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

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Government grants

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.14 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. Interest is charged on a straightline basis, a method which is not materially different from an interest charge on an actuarial basis.

2.15 Pensions

The Company contributes to money purchase pension schemes for its directors and operates a defined contribution plan for its employees

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.16 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.17 Current and deferred taxation

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

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

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

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

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

The directors have made judgements regarding the depreciation of fixed assets, the amounts recoverable on contracts, and the value of any doubtful debts.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

DOWHIGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

5. Other operating income

	2021	2020
	£	£
Rents receivable	9,600	9,600
Government grants receivable	11,204	45,774
	<u>20,804</u>	<u>55,374</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Other operating lease rentals	<u>3,398</u>	<u>2,384</u>

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,000</u>	<u>9,000</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

8. Employees

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

	2021 £	2020 £
Wages and salaries	1,842,129	1,859,355
Social security costs	188,822	189,208
Director and employee pension contributions	125,598	140,656
	<u>2,156,549</u>	<u>2,189,219</u>

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

	2021 No.	2020 No.
Directors	4	4
Administration	9	8
Direct labour	48	47
	<u>61</u>	<u>59</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	166,912	159,952
Company contributions to defined contribution pension schemes	86,175	101,250
Compensation for loss of office	18,873	-
	<u>271,960</u>	<u>261,202</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

10. Interest receivable

	2021 £	2020 £
Bank interest receivable	2,920	18,474
	<u>2,920</u>	<u>18,474</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

11. Interest payable and similar expenses

	2021 £	2020 £
Hire purchase contracts	16,680	15,306
Other interest payable	164	-
	<u>16,844</u>	<u>15,306</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(13,249)	115,491
Adjustments in respect of previous periods	(136)	-
	<u>(13,385)</u>	<u>115,491</u>
Total current tax	<u>(13,385)</u>	<u>115,491</u>
Deferred tax		
Origination and reversal of timing differences	194,499	19,547
Changes to tax rates	60,804	-
	<u>255,303</u>	<u>19,547</u>
Total deferred tax	<u>255,303</u>	<u>19,547</u>
Taxation on profit on ordinary activities	<u>241,918</u>	<u>135,038</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

12. Taxation (continued)**Factors affecting tax charge for the year**

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>744,364</u>	<u>575,752</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	141,429	109,393
Effects of:		
Expenses not deductible for tax purposes	3,653	5,788
Fixed asset differences	(11,058)	172
Adjustments to tax charge in respect of prior periods	(136)	-
Change in deferred tax rate	107,620	20,283
Deferred tax not recognised	-	(598)
Other permanent differences	410	-
Total tax charge for the year	<u><u>241,918</u></u>	<u><u>135,038</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2021 £	2020 £
Ordinary shares of £1 each	97,223	83,544
	<u><u>97,223</u></u>	<u><u>83,544</u></u>

DOWHIGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 June 2020	584,766	2,603,203	1,150,942	63,480	4,402,391
Additions	-	699,146	456,815	8,849	1,164,810
Disposals	-	(392,467)	(210,417)	-	(602,884)
At 31 May 2021	584,766	2,909,882	1,397,340	72,329	4,964,317
Depreciation					
At 1 June 2020	104,768	1,705,993	654,487	34,190	2,499,438
Charge for the year on owned assets	1,678	133,431	94,745	6,056	235,910
Charge for the year on financed assets	-	108,617	48,075	-	156,692
Disposals	-	(357,335)	(129,440)	-	(486,775)
At 31 May 2021	106,446	1,590,706	667,867	40,246	2,405,265
Net book value					
At 31 May 2021	478,320	1,319,176	729,473	32,083	2,559,052
At 31 May 2020	479,998	897,210	496,455	29,290	1,902,953

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

14. Tangible fixed assets (continued)

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

	2021 £	2020 £
Plant and machinery	766,613	491,442
Motor vehicles	363,903	128,167
	<u>1,130,516</u>	<u>619,609</u>

15. Stocks

	2021 £	2020 £
Raw materials and consumables	26,611	25,745
	<u>26,611</u>	<u>25,745</u>

16. Debtors

	2021 £	2020 £
Trade debtors	581,771	926,837
Other debtors	297,479	284,230
Prepayments and accrued income	74,660	131,720
Amounts recoverable on contracts	2,596,000	996,000
	<u>3,549,910</u>	<u>2,338,787</u>

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	2,798,315	2,966,060
	<u>2,798,315</u>	<u>2,966,060</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,768,942	977,873
Corporation tax	-	115,491
Other taxation and social security	269,520	414,310
Obligations under hire purchase contracts	346,827	166,869
Other creditors	419,060	488,859
Accruals and deferred income	231,555	213,160
	<u>3,035,904</u>	<u>2,376,562</u>

19. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Obligations under hire purchase contracts	492,897	112,422
	<u>492,897</u>	<u>112,422</u>

20. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£	£
Within one year	358,347	177,472
Between 1-5 years	499,841	118,650
	<u>858,188</u>	<u>296,122</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

21. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,798,315	2,966,060
Financial assets that are debt instruments measured at amortised cost	866,001	1,211,067
	<u>3,664,316</u>	<u>4,177,127</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,419,557)</u>	<u>(1,261,588)</u>

Financial assets measured at fair value through profit or loss comprise bank and cash balances.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors..

22. Deferred taxation

	2021 £	2020 £
At beginning of year	(192,547)	(173,000)
Charged to profit or loss	(255,303)	(19,547)
At end of year	<u>(447,850)</u>	<u>(192,547)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(450,717)	(196,698)
Short term timing differences	2,867	4,151
	<u>(447,850)</u>	<u>(192,547)</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

23. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6,660 (2020 - 6,955) Ordinary shares of £1.00 each	<u>6,660</u>	<u>6,955</u>

During the year 295 Ordinary shares of £1.00 each were purchased and cancelled.

24. Reserves

Capital redemption reserve

Represents the nominal value of shares repurchased by the company.

Profit & loss account

Includes all current and prior period retained profits and losses.

25. Pension commitments

The Company operates defined contributions pension schemes. 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.

26. Related party transactions

	2021 £	2020 £
Dividends paid to M. Murray and T. D. Murray	96,000	80,000
Amount due to M. Murray	(188,905)	(221,525)
Amount due to T. D. Murray	(158,965)	(196,778)
Rent charged by T. D. Murray	<u>6,000</u>	<u>6,000</u>

M. Murray and T. D. Murray are directors of the company.

27. Controlling parties

The company is jointly controlled by M. Murray and T. D. Murray.

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