

DOWHIGH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

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 2023**

Business review

The company continues to focus on the highway repair requirements of local authority and connected clients. In 2022/23 higher demand and industry-wide inflationary increases gave rise to an increase in turnover and profits compared with the previous year, and the directors were again satisfied with the trading result. Once again a substantial investment was made in 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.

Future developments

The highway repair industry continues to be affected by price pressures both from local authorities and from suppliers of materials and services. Despite these factors, in the first six months of 2023/24 the company has been able to maintain a satisfactory level of activity and the directors are confident about the remainder of the year and beyond.

This report was approved by the board on 20 February 2024 and signed on its behalf.

T. D. Murray
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023**

The directors present their report and the financial statements for the year ended 31 May 2023.

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.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £942,269 (2022 - £357,896).

Dividends amounting to £80,000 (2022 - £80,000) were declared and paid in the year. No further dividends are proposed for the year.

Directors

The directors who served during the year were:

M. Murray
T. D. Murray
B. W. G. Morrey

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.

DOWHIGH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

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

Under section 487(2) of the Companies Act 2006, Langtons Professional Services Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 20 February 2024 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 2023, 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 2023 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:

The objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).
- We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.
- Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

enquiries of management; and

journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

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.

Simon Whalley (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 February 2024

DOWHIGH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023**

	Note	2023 £	2022 £
Turnover	4	14,789,235	12,267,626
Cost of sales		(12,703,635)	(10,908,812)
Gross profit		2,085,600	1,358,814
Administrative expenses		(1,064,885)	(927,426)
Other operating income	5	9,600	13,891
Operating profit		1,030,315	445,279
Interest receivable and similar income	9	26,632	2,206
Interest payable and similar expenses	10	(26,732)	(17,119)
Profit before tax		1,030,215	430,366
Tax on profit	11	(87,946)	(72,470)
Profit for the financial year		942,269	357,896

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£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 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	2,634,652	2,602,062
		<u>2,634,652</u>	<u>2,602,062</u>
Current assets			
Stocks	14	20,161	33,816
Debtors: amounts falling due within one year	15	4,101,626	2,642,473
Cash at bank and in hand	16	3,510,297	3,599,767
		<u>7,632,084</u>	<u>6,276,056</u>
Creditors: amounts falling due within one year	17	(3,193,834)	(2,625,933)
Net current assets		<u>4,438,250</u>	<u>3,650,123</u>
Total assets less current liabilities		<u>7,072,902</u>	<u>6,252,185</u>
Creditors: amounts falling due after more than one year	18	(501,771)	(531,432)
Provisions for liabilities			
Deferred tax	21	(473,729)	(485,620)
		<u>(473,729)</u>	<u>(485,620)</u>
Net assets		<u><u>6,097,402</u></u>	<u><u>5,235,133</u></u>
Capital and reserves			
Called up share capital	22	6,660	6,660
Capital redemption reserve	23	3,340	3,340
Profit and loss account	23	6,087,402	5,225,133
		<u><u>6,097,402</u></u>	<u><u>5,235,133</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 February 2024.

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 2023**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 June 2021	6,660	3,340	4,947,237	4,957,237
Comprehensive income for the year				
Profit for the year	-	-	357,896	357,896
Total comprehensive income for the year	-	-	357,896	357,896
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(80,000)	(80,000)
Total transactions with owners	-	-	(80,000)	(80,000)
At 1 June 2022	6,660	3,340	5,225,133	5,235,133
Comprehensive income for the year				
Profit for the year	-	-	942,269	942,269
Total comprehensive income for the year	-	-	942,269	942,269
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(80,000)	(80,000)
Total transactions with owners	-	-	(80,000)	(80,000)
At 31 May 2023	6,660	3,340	6,087,402	6,097,402

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 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	942,269	357,896
Adjustments for:		
Depreciation of tangible assets	469,946	467,029
Loss on disposal of tangible assets	2,376	(7,734)
Interest paid	26,732	17,119
Interest received	(26,632)	(2,206)
Taxation charge	87,946	72,470
Decrease/(increase) in stocks	13,655	(7,205)
(Increase)/decrease in debtors	(1,464,614)	894,189
Increase/(decrease) in creditors	481,035	(436,441)
Corporation tax (paid)/received	(21,609)	-
Net cash generated from operating activities	511,104	1,355,117
Cash flows from investing activities		
Purchase of tangible fixed assets	(113,321)	(185,706)
Sale of tangible fixed assets	47,106	113,500
Interest received	26,632	2,206
HP interest paid	(26,252)	(17,071)
Net cash from investing activities	(65,835)	(87,071)

DOWHIGH LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

	2023 £	2022 £
Cash flows from financing activities		
Repayment of hire purchase	(454,259)	(386,546)
Dividends paid	(80,000)	(80,000)
Interest paid	(480)	(48)
Net cash used in financing activities	<u>(534,739)</u>	<u>(466,594)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(89,470)</u>	<u>801,452</u>
Cash and cash equivalents at beginning of year	3,599,767	2,798,315
Cash and cash equivalents at the end of year	<u><u>3,510,297</u></u>	<u><u>3,599,767</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,510,297	3,599,767
	<u><u>3,510,297</u></u>	<u><u>3,599,767</u></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 2023**

	At 1 June 2022	Cash flows	New hire purchase	At 31 May 2023
	£	£	£	£
Cash at bank and in hand	3,599,767	(89,470)	-	3,510,297
Debt due within 1 year	(263,748)	110,757	-	(152,991)
Hire purchase	(883,279)	(454,259)	469,821	(867,717)
	<u>2,452,740</u>	<u>(432,972)</u>	<u>469,821</u>	<u>2,489,589</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 2023**

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 2023**

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 2023**

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 2023**

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 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.

2.14 Pensions

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

2.15 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

2. Accounting policies (continued)**2.16 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.

5. Other operating income

	2023 £	2022 £
Rents receivable	9,600	9,600
Government grants receivable	-	4,291
	<u>9,600</u>	<u>13,891</u>

6. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>11,000</u>	<u>9,400</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

7. Employees

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

	2023 £	2022 £
Wages and salaries	1,985,483	1,912,994
Social security costs	205,136	193,925
Director and employee pension contributions	172,117	133,610
	<u>2,362,736</u>	<u>2,240,529</u>

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

	2023 No.	2022 No.
Directors	3	3
Administration	12	10
Direct labour	44	48
	<u>59</u>	<u>61</u>

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	99,785	99,349
Company contributions to defined contribution pension schemes	130,000	94,263
	<u>229,785</u>	<u>193,612</u>

During the year retirement benefits were accruing to 3 directors (2022 - 3) in respect of defined contribution pension schemes.

9. Interest receivable

	2023 £	2022 £
Bank interest receivable	26,632	2,206
	<u>26,632</u>	<u>2,206</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

10. Interest payable and similar expenses

	2023	2022
	£	£
Hire purchase contracts	26,252	17,071
Other interest payable	480	48
	<u>26,732</u>	<u>17,119</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	216,256	34,700
Adjustments in respect of previous periods	(116,419)	-
	<u>99,837</u>	<u>34,700</u>
	<u>99,837</u>	<u>34,700</u>
Total current tax	<u>99,837</u>	<u>34,700</u>
Deferred tax		
Origination and reversal of timing differences	(11,891)	37,770
	<u>(11,891)</u>	<u>37,770</u>
Total deferred tax	<u>(11,891)</u>	<u>37,770</u>
Taxation on profit on ordinary activities	<u>87,946</u>	<u>72,470</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

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

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 20% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>1,030,215</u>	<u>430,366</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	206,043	81,770
Effects of:		
Expenses not deductible for tax purposes	12,213	8,414
Fixed asset differences	(11,542)	(26,778)
Adjustments to tax charge in respect of prior periods	(116,419)	-
Change in deferred tax rate	(2,349)	9,064
Total tax charge for the year	<u><u>87,946</u></u>	<u><u>72,470</u></u>

DOWHIGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2023 £	2022 £
Ordinary shares of £1 each	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 June 2022	584,766	2,975,780	1,653,674	61,746	5,275,966
Additions	29,763	123,662	388,290	10,305	552,020
Disposals	-	(221,099)	(92,216)	-	(313,315)
At 31 May 2023	614,529	2,878,343	1,949,748	72,051	5,514,671
Depreciation					
At 1 June 2022	108,123	1,842,553	700,410	22,819	2,673,905
Charge for the year on owned assets	1,925	142,351	93,859	10,104	248,239
Charge for the year on financed assets	-	92,724	128,983	-	221,707
Disposals	-	(210,822)	(53,010)	-	(263,832)
At 31 May 2023	110,048	1,866,806	870,242	32,923	2,880,019
Net book value					
At 31 May 2023	<u>504,481</u>	<u>1,011,537</u>	<u>1,079,506</u>	<u>39,128</u>	<u>2,634,652</u>
At 31 May 2022	<u>476,643</u>	<u>1,133,227</u>	<u>953,265</u>	<u>38,927</u>	<u>2,602,062</u>

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

	2023 £	2022 £
Plant and machinery	431,311	557,007
Motor vehicles	731,470	628,661
	<u>1,162,781</u>	<u>1,185,668</u>

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

14. Stocks

	2023 £	2022 £
Raw materials and consumables	20,161	33,816
	<u>20,161</u>	<u>33,816</u>

15. Debtors

	2023 £	2022 £
Trade debtors	2,175,097	813,687
Other debtors	216,489	216,170
Prepayments and accrued income	88,040	107,616
Amounts recoverable on contracts	1,622,000	1,505,000
	<u>4,101,626</u>	<u>2,642,473</u>

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	3,510,297	3,599,767
	<u>3,510,297</u>	<u>3,599,767</u>

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,758,944	1,251,489
Corporation tax	99,081	21,451
Other taxation and social security	541,339	516,597
Obligations under hire purchase contracts	365,946	351,847
Other creditors	169,771	263,748
Accruals and deferred income	258,753	220,801
	<u>3,193,834</u>	<u>2,625,933</u>

Obligations under hire purchase contracts are secured on the assets concerned.

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

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

	2023 £	2022 £
Net obligations under hire purchase contracts	501,771	531,432
	<u>501,771</u>	<u>531,432</u>

Obligations under hire purchase contracts are secured on the assets concerned.

19. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	396,925	370,872
Between 1-5 years	549,673	561,214
	<u>946,598</u>	<u>932,086</u>

20. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,510,297	3,599,767
Financial assets that are debt instruments measured at amortised cost	2,391,586	1,029,856
	<u>5,901,883</u>	<u>4,629,623</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(2,187,468)</u>	<u>(1,736,037)</u>
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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..

DOWHIGH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

21. Deferred taxation

	2023 £	2022 £
At beginning of year	(485,620)	(447,850)
Credit/(charged) to profit or loss	11,891	(37,770)
At end of year	(473,729)	(485,620)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(476,337)	(488,250)
Short term timing differences	2,608	2,630
	(473,729)	(485,620)

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
6,660 (2022 - 6,660) Ordinary shares of £1.00 each	6,660	6,660

23. 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.

24. 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.

DOWHIGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

25. Related party transactions

	2023	2022
	£	£
Dividends paid to M. Murray and T. D. Murray	80,000	80,000
Amount due to M. Murray	84,368	149,952
Amount due to T. D. Murray	68,623	113,796
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.

26. 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.