COMPANY REGISTRATION NUMBER: 03726044

AGETUR (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2018

AGETUR (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2018

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AGETUR (UK) LIMITED

STRATEGIC REPORT

YEAR ENDED 28 FEBRUARY 2018

The company is a contractor to large, nationally renowned companies in the house building sector. Its main activities are associated with new housing projects of varying sizes and are groundworks, drainage works and roadworks.

The company continued to deliver a strong operating performance in 2018 against a backdrop of a buoyant housing market. The turnover of the company has risen by £3m which represents an increase of 7.7% on the prior year (2017: £38.5m).

The positive financial results of the company are reflected in its financial position. At 28 February 2018 the company had gross assets of £14.4m (2017: £12.9m) and retained reserves of £5.1m (2017: £3.65m).

The company minimises its operating risk by concentrating on its core expertise. At any point in time the company maintains between 10 and 20 contracts of various sizes and stages of completion.

The company is driven by a strong management team based at the head office, some of whom have been with the business for 15 years or more, and who are important to the stability and growth of the business.

The company's workforce has been maintained at a similar level to the prior year, with a slight decrease from 164 in 2017 to 159 in 2018 with skills at all levels. In order to recruit, develop and retain staff of highest calibre, the company places great emphasis on providing a structured training and development programme, which includes induction, formal apprenticeships, study leave and support for professional qualifications and promotion opportunities.

In addition, consistently high investment in the pool of plant and machinery has equipped the staff to consistently deliver high quality work on time and within budget.

Health and Safety of its workforce are of paramount importance to the company's management. It is the company's policy to undertake necessary steps to comply with all requirements under the 'Health and Safety at Work Act' and other relevant codes of practice. It has an excellent Health and Safety record with no major incidents or prohibition notices received.

Future Developments

The UK housing market remained robust during 2018 and the outlook for the future remains strong in light of the increased housing targets set for the UK.

This report was approved by the board of directors on 22 November 2018 and signed on behalf of the board by:

R J Rexton
Director

Registered office:
2 Crossways Business Centre
Bicester Road
Kingswood
Aylesbury
Bucks
HP18 0RA

The directors present their report and the financial statements of the company for the year ended 28 February 2018.

Directors

The directors who served the company during the year were as follows:

R J Rexton
C D Dickens (Appointed 14 August 2017)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22 November 2018 and signed on behalf of the board by:

R J Rexton
Director

Registered office:
2 Crossways Business Centre
Bicester Road
Kingswood
Aylesbury
Bucks
HP18 0RA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGETUR (UK) LIMITED

YEAR ENDED 28 FEBRUARY 2018

Opinion

We have audited the financial statements of Agetur (UK) Limited (the 'company') for the year ended 28 February 2018 which comprise the profit and loss account, balance sheet, statement of cash flows 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 FRS 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 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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.

Opinions 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, 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.

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 auditor's 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 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.

J D White (Senior Statutory Auditor)

For and on behalf of
EK & Co 2003 Ltd
Chartered Certified Accountants & statutory auditor
2 Crossways Business Centre
Bicester Road
Kingswood
Aylesbury
Bucks
HP18 0RA

22 November 2018

AGETUR (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 28 FEBRUARY 2018

	Note	2018 £	2017 £
Turnover	4	41,497,693	38,507,409
Cost of sales		35,044,943	33,504,485
Gross profit		6,452,750	5,002,924
Administrative expenses		3,891,577	2,583,674
Operating profit	5	2,561,173	2,419,250
Other interest receivable and similar income	9	7,492	13,758
Interest payable and similar expenses	10	1,919	9,322
Profit before taxation		2,566,746	2,423,686
Tax on profit	11	506,436	499,254
Profit for the financial year and total comprehensive income		2,060,310	1,924,432
Dividends paid and payable	12	(663,000)	(1,000,000)
Retained earnings at the start of the year		3,529,744	2,605,312
Retained earnings at the end of the year		4,927,054	3,529,744

All the activities of the company are from continuing operations.

AGETUR (UK) LIMITED

BALANCE SHEET

28 FEBRUARY 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	14		1,383,228		1,272,202
Investments	15		45,980		45,980
			1,429,208		1,318,182
Current assets					
Debtors	16	7,832,340		7,686,880	
Cash at bank and in hand		5,247,691		3,906,127	
		13,080,031		11,593,007	
Creditors: amounts falling due within one year	17	9,366,743		9,155,654	
Net current assets			3,713,288		2,437,353
Total assets less current liabilities			5,142,496		3,755,535
Creditors: amounts falling due after more than one year	18		–		(3,871)
Provisions					
Taxation including deferred tax	20		90,440		96,918
Net assets			5,052,056		3,654,746
Capital and reserves					
Called up share capital	23		3,000		3,000
Share premium account	24		120,002		120,002
Capital redemption reserve	24		2,000		2,000
Profit and loss account	24		4,927,054		3,529,744
Shareholders funds			5,052,056		3,654,746

These financial statements were approved by the board of directors and authorised for issue on 22 November 2018, and are signed on behalf of the board by:

R J Rexton
Director

Company registration number: 03726044

The notes on pages 10 to 22 form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 28 FEBRUARY 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	2,060,310	1,924,432
Adjustments for:		
Depreciation of tangible assets	398,786	423,093
Other interest receivable and similar income	(7,492)	(13,758)
Interest payable and similar expenses	1,919	9,322
(Gains)/loss on disposal of tangible assets	(559)	10,908
Tax on profit	506,436	499,254
Changes in:		
Trade and other debtors	(145,460)	(595,528)
Trade and other creditors	1,597,356	(234,125)
Cash generated from operations	4,411,296	2,023,598
Tax paid	(585,728)	(608,972)
Net cash from operating activities	3,825,568	1,414,626
Cash flows from investing activities		
Purchase of tangible assets	(557,739)	(466,732)
Proceeds from sale of tangible assets	48,486	34,000
Interest received	7,492	13,758
Net cash used in investing activities	(501,761)	(418,974)
Cash flows from financing activities		
Proceeds from borrowings	(1,217,620)	(534,387)
Payments of finance lease liabilities	(99,705)	(249,823)
Interest paid	(1,919)	(9,322)
Dividends paid	(663,000)	(1,000,000)
Net cash used in financing activities	(1,982,244)	(1,793,532)
Net increase/(decrease) in cash and cash equivalents	1,341,563	(797,880)
Cash and cash equivalents at beginning of year	3,906,127	4,704,007
Cash and cash equivalents at end of year	5,247,690	3,906,127

The notes on pages 10 to 22 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Crossways Business Centre, Bicester Road, Kingswood, Aylesbury, Bucks, HP18 0RA.

2. Statement of compliance

The principal activity of the company during the year was that of a contractor for new house builders undertaking groundworks, brickworks, roads and sewers.

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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 financial statements.

Financial instruments

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets comprise of debtors and cash.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

3. **Accounting policies** *(continued)*

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities comprise of creditors.

Trade payables 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 payment is due within one year of less. If not, then they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

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 financial statements.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the progress of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment
In assessing whether there have been any indicators of impairment assets, the directors have considered both internal and external sources of information such as market conditions, counterparty credit ratings and experience recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Estimating value in use
Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

(iii) Recoverability of receivables
The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iv) Determining residual values and useful economic lives of property, plant and equipment
The company depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Revenue recognition

Turnover represents the amounts derived from construction contracts. Revenue for construction contracts is recognised by reference to the percentage of completion of the contract, provided the outcome can be reliably measured. When the outcome cannot be reliably measured, revenue is only recognised to the extent that it is probable that costs are recoverable.

When it is probable that a loss will occur on a contract, this is recognised in full immediately as an onerous contract provision.

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

This reflects the excess of the sum payable to a former shareholder and the nominal value of the shares issued over the value of the assets acquired.

Goodwill is written off in equal annual instalments over its estimated useful life of 20 years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5% Straight Line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	2% Straight Line
Plant & Machinery	-	25% Reducing Balance
Fixtures and Fittings	-	33% Reducing Balance
Motor Vehicles	-	25% Reducing Balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Construction contracts	41,497,693	38,507,409

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Depreciation of tangible assets	398,786	423,093
(Gains)/loss on disposal of tangible assets	(559)	10,908

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	20,000	20,000

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Production staff	126	134
Administrative staff	33	30
	159	164

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	5,415,307	5,235,674
Social security costs	992,130	1,011,907
Other pension costs	34,268	33,746
	6,441,705	6,281,327

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	1,572,926	321,762

8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2018	2017
	£	£
Aggregate remuneration	1,572,926	321,762

9. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	7,144	13,758
Other interest received	348	–
	7,492	13,758

10. Interest payable and similar expenses

	2018	2017
	£	£
Interest on obligations under finance leases and hire purchase contracts	1,919	9,322

11. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	512,915	513,177
Deferred tax:		
Origination and reversal of timing differences	(6,479)	(13,923)
Tax on profit	506,436	499,254

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	2,566,746	2,423,686
Profit on ordinary activities by rate of tax	487,682	484,737
Effect of expenses not deductible for tax purposes	15,827	13,436
Other tax adjustment to increase/(decrease) tax liability	(639)	293
Tax chargeable at higher rates	2,283	–
Adjustment to opening deferred tax to average rate	1,283	5,889
Adjustment to closing deferred tax to average rate	–	(5,101)
Tax on profit	506,436	499,254

11. Tax on profit *(continued)*

Factors that may affect future tax expense

A reduction in the UK corporation tax rate from 20% to 19% (Effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018	2017
	£	£
Equity dividends on ordinary 'A' shares	663,000	1,000,000

13. Intangible assets

	Goodwill
	£
Cost	
At 1 March 2017 and 28 February 2018	195,797
Amortisation	
At 1 March 2017 and 28 February 2018	195,797
Carrying amount	
At 28 February 2018	–
At 28 February 2017	–

14. Tangible assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	**Total**
	£	£	£	£	£
Cost					
At 1 March 2017	19,746	2,792,967	146,171	798,849	3,757,733
Additions	203,063	260,379	24,053	70,244	557,739
Disposals	–	(216,800)	(3,887)	(57,397)	(278,084)
At 28 February 2018	222,809	2,836,546	166,337	811,696	4,037,388
Depreciation					
At 1 March 2017	2,911	1,989,184	119,510	373,926	2,485,531
Charge for the year	4,456	256,456	16,503	121,371	398,786
Disposals	–	(178,864)	(3,183)	(48,110)	(230,157)
At 28 February 2018	7,367	2,066,776	132,830	447,187	2,654,160
Carrying amount					
At 28 February 2018	215,442	769,770	33,507	364,509	1,383,228
At 28 February 2017	16,835	803,783	26,661	424,923	1,272,202

14. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	**Total £**
At 28 February 2018	–	30,689	30,689
At 28 February 2017	193,859	40,918	234,777

15. Investments

	Unquoted investments £
Cost	
At 1 March 2017 and 28 February 2018	45,980
Impairment	
At 1 March 2017 and 28 February 2018	–
Carrying amount	
At 28 February 2018	45,980
At 28 February 2017	45,980

16. Debtors

	2018 £	**2017 £**
Amounts owed by customers on construction contracts	6,330,329	6,266,198
Prepayments and accrued income	269,937	226,428
Other debtors	1,232,074	1,194,254
	7,832,340	7,686,880

The debtors above include the following amounts falling due after more than one year:

	2018 £	**2017 £**
Amounts owed by customers on construction contracts	714,072	470,636

17. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	5,659,897	5,454,257
Accruals and deferred income	3,285,618	1,840,833
Corporation tax	72,192	145,005
Social security and other taxes	173,525	154,633
Obligations under finance leases and hire purchase contracts	3,871	99,705
Director loan accounts	1,453	1,219,073
Other creditors	170,187	242,148
	9,366,743	9,155,654

The aggregate amount of secured liabilities falling due within one year amount to £3,871 (2017: £99,705). The liabilities are secured on the assets to which they relate.

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

	2018	2017
	£	£
Obligations under finance leases and hire purchase contracts	–	3,871

The aggregate amount of secured liabilities falling due after more than one year amounts to £nil (2017: £3,871). The liabilities are secured on the assets to which they relate.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2018	2017
	£	£
Not later than 1 year	3,871	99,705
Later than 1 year and not later than 5 years	–	3,871
	3,871	103,576

Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases (see note 16 and 17). The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

20. Provisions

	Deferred tax (note 21)
	£
At 1 March 2017	96,918
Origination and reversal of timing differences	(6,478)
At 28 February 2018	90,440

21. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Included in provisions (note 20)	90,440	96,918

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	90,440	96,918

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £34,268 (2017: £33,746).

23. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £1 each	3,000	3,000.00	3,000	3,000.00

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	15,833	19,000
Later than 1 year and not later than 5 years	–	15,833
	15,833	34,833

The amount recognised in the profit and loss account as an expense in relation to operating leases was £60,170 (2017: £45,034).

26. Related party transactions

During the year the company paid dividends to the shareholders totalling £663,000 (2017: £1,000,000).

Included in other creditors is an amount of £1,453 (2017: £1,219,073) due to the director, R J Rexton by the company.

During the year the company was charged fees of £1,561,250 (2017: £311,250) from Rexton Investments Limited, a company in which the director R J Rexton has an interest. These amounts are disclosed within directors' emoluments in note 7 of these financial statements.

Included in debtors at the year end date, there is a balance of £300,000 (2017: £300,000) due from Rexton Investments Limited to the company.