

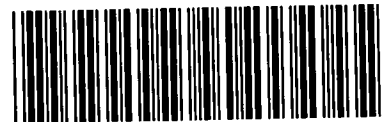
Company registration number: 00533232

Devon Contractors Limited

Financial statements

31 May 2019

SATURDAY



A8YCLT1U

A13

08/02/2020

#179

COMPANIES HOUSE

Contents

	Page
Directors and other information	1
Strategic report	2 - 3
Directors report	4 - 5
Independent auditor's report to the members	6 - 8
Statement of comprehensive income	9
Statement of financial position	10 - 11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 24

DEVON CONTRACTORS LIMITED

DIRECTORS AND OTHER INFORMATION

Directors

Mr S O Bennington
Mr P T Alderson
Mr N M England
Mr D J Hunt

Secretary

Mr S O Bennington

Company number

00533232

Registered office

Clyst Court
Hill Barton Business Park
Clyst St Mary
Exeter
EX5 1SA

Auditor

Thomas Westcott
26 - 28 Southernhay East
Exeter
Devon
EX1 1NS

DEVON CONTRACTORS LIMITED

STRATEGIC REPORT YEAR ENDED 31 MAY 2019

Financial Review

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

	2019	2018	Change
Turnover	21,256,826	21,917,741	3%
Operating profit	439,476	708,985	38%
Profit/(loss) after tax	355,745	573,939	38%
Shareholders funds	812,899	527,154	54%
Current assets as % of current liabilities	109%	121%	(10)%

We have focused on a strengthened Balance Sheet (154 per cent ahead of last year) and cash generation (142 per cent ahead of last year) and continued strong margin return.

We continue to invest significantly in the development of our people and the evolution of our employer brand.

It is our firm belief that our people are the overarching differentiator in the service that we provide and the primary driver for our continued success.

The outlook for future trading remains positive and provides the opportunity to maximise earnings from our operations.

The board is anticipating maintaining margin percentage coupled with further revenue growth.

The directors consider that the Company performed in line with expectations and met its targets.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.

a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposures to equity securities price risk as it holds no listed or other equity investments.

b) Credit risk - The company has implemented policies that require appropriate credit checks on potential customers before contracts are entered. The credit given to customers is subject to limits which are determined and reassessed by the directors.

c) Liquidity risk - The company actively maintains a mixture of finance, designed to ensure the company has sufficient available funds for operations.

d) Interest rate flow risk - The company is not exposed to interest bearing liabilities

DEVON CONTRACTORS LIMITED

STRATEGIC REPORT (CONTINUED) YEAR ENDED 31 MAY 2019

Environmental and Social Matters

Information about environmental matters, the company's employees, social community and human rights issues have not been provided as the directors do not believe that this is fundamental to gain an understanding of the business.

Directors

All four of the Company Directors are male.

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

13TH JANUARY 2020



Mr S O Bennington
Director

DEVON CONTRACTORS LIMITED

DIRECTORS REPORT YEAR ENDED 31 MAY 2019

The directors present their report and the financial statements of the company for the year ended 31 May 2019.

Directors

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

Mr S O Bennington
Mr P T Alderson
Mr N M England
Mr D J Hunt

Dividends

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

Financial instruments

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the keys risks.

- a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposures to equity securities price risk as it holds no listed or other equity investments.
- b) Credit risk - The company has implemented policies that require appropriate credit checks on potential customers before contracts are entered. The credit given to customers is subject to limits which are determined and reassessed by the directors.
- c) Liquidity risk - The company actively maintains a mixture of finance and is able to benefit from an overdraft facility designed to ensure the company has sufficient available funds for operations.
- d) Interest rate cash flow risk - The company is not exposed to interest bearing liabilities.

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research and developments and financial instruments.

DEVON CONTRACTORS LIMITED

DIRECTORS REPORT (CONTINUED) YEAR ENDED 31 MAY 2019

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 13th January 2020 and signed on behalf of the board by:



Mr S O Bennington
Director

DEVON CONTRACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVON CONTRACTORS LIMITED YEAR ENDED 31 MAY 2019

Opinion

We have audited the financial statements of Devon Contractors Limited for the year ended 31 May 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other Information

The 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.

DEVON CONTRACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVON CONTRACTORS LIMITED (CONTINUED) YEAR ENDED 31 MAY 2019

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 has 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

DEVON CONTRACTORS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEVON CONTRACTORS LIMITED (CONTINUED)
YEAR ENDED 31 MAY 2019**

-
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.



Shona Godefroy FCCA (Senior Statutory Auditor)

For and on behalf of
Thomas Westcott
Chartered Accountants and Statutory Auditor
26 - 28 Southernhay East
Exeter
Devon
EX1 1NS

30 January 2020

DEVON CONTRACTORS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MAY 2019**

	Note	2019 £	2018 £
Turnover	4	21,256,826	21,917,741
Cost of sales		(20,107,770)	(20,729,046)
Gross profit		1,149,056	1,188,695
Administrative expenses		(709,580)	(479,710)
Operating profit	5	439,476	708,985
Other interest receivable and similar income	9	5,629	935
Interest payable and similar expenses	10	(6)	-
Profit before taxation		445,099	709,920
Tax on profit	11	(89,354)	(135,981)
Profit for the financial year and total comprehensive income		<u>355,745</u>	<u>573,939</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

DEVON CONTRACTORS LIMITED

**STATEMENT OF FINANCIAL POSITION
31 MAY 2019**

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13	83,826		87,647	
			83,826		87,647
Current assets					
Debtors	14	2,133,274		2,169,144	
Cash at bank and in hand		4,775,784		3,373,527	
		6,909,058		5,542,671	
Creditors: amounts falling due within one year	15	(6,167,502)		(5,090,711)	
Net current assets			741,556		451,960
Total assets less current liabilities			825,382		539,607
Provisions for liabilities	16		(12,483)		(12,453)
Net assets			812,899		527,154
Capital and reserves					
Called up share capital			15,000		15,000
Capital redemption reserve	19		15,000		15,000
Profit and loss account	19		782,899		497,154
Shareholders funds			812,899		527,154

The notes on pages 14 to 24 form part of these financial statements.

DEVON CONTRACTORS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 MAY 2019

These financial statements were approved by the board of directors and authorised for issue on 13th JANUARY 2020 and are signed on behalf of the board by:



Mr S O Bennington
Director



Mr D J Hunt
Director

Company registration number: 00533232

The notes on pages 14 to 24 form part of these financial statements.

DEVON CONTRACTORS LIMITED

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MAY 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1 June 2017	30,000	-	812,815	842,815
Profit for the year			573,939	573,939
Total comprehensive income for the year	-	-	573,939	573,939
Dividends paid and payable			(514,020)	(514,020)
Cancellation of subscribed capital	-	15,000	-	15,000
Redemption of shares	(15,000)	-	(375,580)	(390,580)
Total investments by and distributions to owners	(15,000)	15,000	(889,600)	(889,600)
At 31 May 2018 and 1 June 2018	15,000	15,000	497,154	527,154
Profit for the year			355,745	355,745
Total comprehensive income for the year	-	-	355,745	355,745
Dividends paid and payable			(70,000)	(70,000)
Total investments by and distributions to owners	-	-	(70,000)	(70,000)
At 31 May 2019	15,000	15,000	782,899	812,899

DEVON CONTRACTORS LIMITED

STATEMENT OF CASH FLOWS YEAR ENDED 31 MAY 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial year		355,745	573,939
<i>Adjustments for:</i>			
Depreciation of tangible assets		44,272	35,799
Other interest receivable and similar income		(5,629)	(935)
Interest payable and similar expenses		6	-
Gain/(loss) on disposal of tangible assets		-	(1,000)
Tax on profit		89,354	135,981
Accrued expenses/(income)		751,412	559,759
<i>Changes in:</i>			
Trade and other debtors		35,870	(76,557)
Trade and other creditors		393,914	698,764
Cash generated from operations		1,664,944	1,925,750
Interest paid		(6)	-
Interest received		5,629	935
Tax paid		(134,989)	(73,811)
Net cash from operating activities		<u>1,535,598</u>	<u>1,852,874</u>
Cash flows from investing activities			
Purchase of tangible assets		(40,451)	(49,441)
Proceeds from sale of tangible assets		-	7,000
Net cash used in investing activities		<u>(40,451)</u>	<u>(42,441)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	(186,314)
Equity dividends paid		(70,000)	(514,020)
Redemption of shares		-	(375,580)
Net cash used in financing activities		<u>(70,000)</u>	<u>(1,075,914)</u>
Net increase/(decrease) in cash and cash equivalents		1,425,147	734,519
Cash and cash equivalents at beginning of year		2,650,629	1,916,110
Cash and cash equivalents at end of year		<u>4,075,776</u>	<u>2,650,629</u>

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2019

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Clyst Court, Hill Barton Business Park, Clyst St Mary, Exeter, EX5 1SA.

Principal activity

The principal activity of the company is that of building contracting and civil engineering contracting.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing or current liabilities.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company; the Company and the party are subject to common control; the party is an associate of the Company or a joint venture in which the Company is a venturer, the party is a member of key management personnel of the Company or the Company's parent, or close family members of such individuals; or is an entity under the control, joint control or significant influence of such individuals; or the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MAY 2019

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other 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 as follows:

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, 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 at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

Tangible assets

Tangible assets are initially recorded at cost, and are 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.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, 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 capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves 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:

Plant and machinery	- Straight line basis over 2 to 5 years or 50%/40% first year and straight line for the next 3 years
Fittings fixtures and equipment	- Straight line basis up to 5 years
Motor vehicles	- Straight line basis over 5 years

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

Impairment

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.

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 are largely independent of the cash inflows from other assets or groups of assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing or current liabilities.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

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 statement of financial position 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 in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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 in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Construction contracts	21,256,826	21,917,741
	<u>21,256,826</u>	<u>21,917,741</u>

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

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

5. Operating profit

Operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible assets	44,272	35,799
(Gain)/loss on disposal of tangible assets	-	(1,000)
Cost of stocks recognised as an expense	3,672,232	4,068,127
Operating lease rentals	32,000	32,000
Fees payable for the audit of the financial statements	17,865	18,138
	<u> </u>	<u> </u>

6. Auditors remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	12,000	12,000
	<u> </u>	<u> </u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	5,865	6,138
	<u> </u>	<u> </u>

7. Employee numbers

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

	2019	2018
Directors	4	4
Administration	27	18
Labourers	11	16
	<u> </u>	<u> </u>
	42	38
	<u> </u>	<u> </u>

The aggregate payroll costs incurred during the year were:

	2019	2018
	£	£
Wages and salaries	2,423,644	1,737,861
Social security costs	9,640	6,951
Other pension costs	86,032	346,737
	<u> </u>	<u> </u>
	2,519,316	2,091,549
	<u> </u>	<u> </u>

DEVON CONTRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED 31 MAY 2019**8. Directors remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	667,560	295,253
Company contributions to pension schemes in respect of qualifying services	24,865	-
	<u>692,425</u>	<u>295,253</u>

Defined contribution plans	4	4
----------------------------	---	---

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

	2019	2018
	£	£
Aggregate remuneration	169,102	72,559
Company contributions to pension plans in respect of qualifying services	6,216	66,326
	<u>175,319</u>	<u>138,885</u>

9. Other interest receivable and similar income

	2019	2018
	£	£
Bank deposits	<u>5,629</u>	<u>935</u>

10. Interest payable and similar expenses

	2019	2018
	£	£
Other interest payable and similar expenses	<u>6</u>	<u>-</u>

DEVON CONTRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED 31 MAY 2019**11. Tax on profit****Major components of tax expense**

	2019	2018
	£	£
Current tax:		
UK current tax expense	89,324	134,969
Deferred tax:		
Origination and reversal of timing differences	30	1,012
Tax on profit	89,354	135,981

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

	2019	2018
	£	£
Profit before taxation	445,099	709,920
Profit multiplied by rate of tax	84,569	134,885
Effect of expenses not deductible for tax purposes	4,785	1,096
Tax on profit	89,354	135,981

12. Dividends**Equity dividends**

	2019	2018
	£	£
Dividends paid during the year	70,000	514,020

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

13. Tangible assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2018	143,344	120,220	179,729	443,293
Additions	1,636	7,245	31,570	40,451
At 31 May 2019	<u>144,980</u>	<u>127,465</u>	<u>211,299</u>	<u>483,744</u>
Depreciation				
At 1 June 2018	123,355	95,381	136,910	355,646
Charge for the year	7,072	11,736	25,464	44,272
At 31 May 2019	<u>130,427</u>	<u>107,117</u>	<u>162,374</u>	<u>399,918</u>
Carrying amount				
At 31 May 2019	<u>14,553</u>	<u>20,348</u>	<u>48,925</u>	<u>83,826</u>
At 31 May 2018	<u>19,989</u>	<u>24,839</u>	<u>42,819</u>	<u>87,647</u>

14. Debtors

	2019	2018
	£	£
Trade debtors	1,943,475	2,043,343
Prepayments and accrued income	48,272	5,240
Other debtors	141,527	120,561
	<u>2,133,274</u>	<u>2,169,144</u>

15. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	700,008	722,898
Trade creditors	3,717,223	3,355,310
Accruals and deferred income	1,572,188	820,776
Social security and other taxes	178,083	191,727
	<u>6,167,502</u>	<u>5,090,711</u>

There is an unlimited debenture dated 11 July 2013 incorporating a fixed and floating charge over all of the company's assets and a 1st legal charge over cash dated 6 March 2017.

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

16. Provisions

	Deferred tax (note 17)	Total
	£	£
At 1 June 2018	12,453	12,453
Additions	30	30
At 31 May 2019	12,483	12,483

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 16)	12,483	12,453

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

	2019	2018
	£	£
Accelerated capital allowances	12,483	12,453

18. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £86,032 (2018: £346,737).

19. Reserves

Profit and loss account:

This reserve records retained earnings and accumulated losses.

Capital redemption reserve:

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

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MAY 2019

20. Operating leases

The company as lessee

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

	2019 £	2018 £
Not later than 1 year	24,065	28,427
Later than 1 year and not later than 5 years	9,012	32,857
	<u>33,077</u>	<u>61,284</u>

21. Contingent assets and liabilities

At the year end the company's underwriters have given bonds to certain customers of the company to guarantee completion of the projects undertaken. The amount of these bonds varied throughout the year and as at 31 May 2019 there are £1,042,119 outstanding (31 May 2018: 372,295). This facility is held in the sole name of Devon Contractors Limited.

22. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Loans to / (from) directors at 1 June 2018 £	Amounts repaid £	Balance at 31 May 2019 £
Directors	<u>-</u>	<u>-</u>	<u>-</u>

	Loans to / (from) directors at 1 June 2017 £	Amounts repaid £	Balance at 31 May 2018 £
Directors	<u>(186,314)</u>	<u>186,314</u>	<u>-</u>

The loans from directors are subject to interest at a rate of 3% above the Bank of England base rate.

DEVON CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

23. Related party transactions

There were no transactions with related parties during the year or in the prior year.