

Devon Contractors Limited

Annual Report and Financial Statements
for the Year Ended 31 May 2021

Devon Contractors Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u> to <u>3</u>
Directors' Report	<u>4</u>
Statement of Directors' Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6</u> to <u>8</u>
Profit and Loss Account	<u>9</u>
Balance Sheet	<u>10</u>
Statement of Changes in Equity	<u>11</u>
Statement of Cash Flows	<u>12</u>
Notes to the Financial Statements	<u>13</u> to <u>24</u>

Devon Contractors Limited

Company Information

Directors	Mr N England Mr S Bennington Mr D Hunt Mr P Alderson
Registered office	Clyst Court Hill Barton Business Park Clyst St Mary Exeter EX5 1SA
Auditors	Milsted Langdon LLP Winchester House Deane Gate Avenue Taunton Somerset TA1 2UH

Devon Contractors Limited

Strategic Report for the Year Ended 31 May 2021

The directors present their strategic report for the year ended 31 May 2021.

Principal activity

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

Fair review of the business

The year saw turnover grow despite challenging trading conditions and continued tight tendering margins. The underlying focus of the business to maintain its significant level of repeat work established through excellent client relationships with a long-standing reputation for delivering good value, high quality buildings in a collaborative manner. The impact of the COVID-19 pandemic has been unprecedented with staffing and supply of materials being detrimental to production. All sites have continued to work in line with COVID-19 health and safety guidelines. Despite these ongoing challenges the outlook for future trading remains positive and provides the opportunity to maximise earnings from our operations with a strengthened balance sheet and continued strong cash flow.

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 directors consider that the company performed in line with expectations.

The directors do not recommend payment of a final dividend.

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

	Unit	2021	2020
Turnover	£	23,682,933	20,601,864
Operating profit	£	72,201	381,305
Profit after tax	£	58,528	318,569
Shareholders funds	£	1,054,996	1,006,050
Current assets as a % of current liabilities	%	123	124

Devon Contractors Limited

Strategic Report for the Year Ended 31 May 2021

Principal risks and uncertainties

The directors have reviewed the industry in which the company operates and they consider there are no significant risks and uncertainties that need disclosing within this report, other than the below.

Following the outbreak of COVID-19 and the increasing economic impact of this worldwide pandemic, the directors have reviewed budgets to assist with the effect on the company. Due to the nature of the business, there has been an impact on its ability to trade with customers. However, this is not believed to significantly impact going concern. The company will continue to pro-actively manage the effects of the pandemic.

We have considered the potential impact of Brexit on the business and whilst there is uncertainty around the possible wider economic impact, the company has significant number of tenders and future secured workload.

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.

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.

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

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

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.

Approved by the Board on 2 May 2022 and signed on its behalf by:

.....
Mr S Bennington
Director

Devon Contractors Limited

Directors' Report for the Year Ended 31 May 2021

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

Directors of the company

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

Mr N England

Mr S Bennington

Mr D Hunt

Mr P Alderson

Financial instruments

The company has procedures to identify risk and manage risks that may hinder its financial performance objectives. The objective is to limit counterparty exposure, ensure sufficient weekly capital and to mitigate the risk identified. The company does not consider it necessary to employ derivatives to manage risk based on the current activities of the company.

Objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Future developments

The directors aim to maintain the management policies going forward. They consider the next period will show further growth in sales from continuing operations.

Research and development

There has been no research and development for the company in the year ended 31 May 2021 or 31 May 2020.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 2 May 2022 and signed on its behalf by:

.....
Mr S Bennington
Director

Devon Contractors Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Devon Contractors Limited

Independent Auditor's Report to the Members of Devon Contractors Limited

Opinion

We have audited the financial statements of Devon Contractors Limited (the 'company') for the year ended 31 May 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Devon Contractors Limited

Independent Auditor's Report to the Members of Devon Contractors Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 original financial statements were 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.

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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

Devon Contractors Limited

Independent Auditor's Report to the Members of Devon Contractors Limited

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
 - Inquired of management, and those charged with governance, about their own identification and assessment of the risks or irregularities, including known and actual, suspected or alleged instances of fraud;
 - Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.
- However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

A further description of our responsibilities is available 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.

.....
Nigel Fry (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP, Statutory Auditor
Winchester House
Deane Gate Avenue
Taunton
Somerset
TA1 2UH

24 May 2022

Devon Contractors Limited

Profit and Loss Account for the Year Ended 31 May 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	23,672,612	20,601,864
Cost of sales		<u>(22,995,889)</u>	<u>(19,767,722)</u>
Gross profit		676,723	834,142
Administrative expenses		(651,880)	(557,328)
Other operating income	<u>4</u>	<u>37,037</u>	<u>104,491</u>
Operating profit	<u>5</u>	61,880	381,305
Other interest receivable and similar income	<u>7</u>	<u>392</u>	<u>7,652</u>
Profit before tax		62,272	388,957
Tax on profit	<u>11</u>	<u>(12,104)</u>	<u>(70,388)</u>
Profit for the financial year		<u><u>50,168</u></u>	<u><u>318,569</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above and therefore a separate statement of other comprehensive income has not been presented.

Devon Contractors Limited
(Registration number: 00533232)
Balance Sheet as at 31 May 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>12</u>	88,664	103,200
Current assets			
Debtors	<u>13</u>	3,982,578	1,021,268
Cash at bank and in hand	<u>14</u>	3,343,820	3,750,896
		7,326,398	4,772,164
Creditors: Amounts falling due within one year	<u>15</u>	(5,982,323)	(3,859,619)
Net current assets		1,344,075	912,545
Total assets less current liabilities		1,432,739	1,015,745
Creditors: Amounts falling due after more than one year	<u>15</u>	(377,823)	-
Provisions for liabilities	<u>16</u>	(8,280)	(9,227)
Net assets		<u>1,046,636</u>	<u>1,006,518</u>
Capital and reserves			
Called up share capital	<u>18</u>	15,000	15,000
Capital redemption reserve		15,000	15,000
Profit and loss account		1,016,636	976,518
Total equity		<u>1,046,636</u>	<u>1,006,518</u>

Approved and authorised by the Board on 2 May 2022 and signed on its behalf by:

.....

Mr S Bennington
Director

.....

Mr D Hunt
Director

Devon Contractors Limited

Statement of Changes in Equity for the Year Ended 31 May 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 June 2020	15,000	15,000	976,518	1,006,518
Profit for the year	-	-	50,168	50,168
Total comprehensive income	-	-	50,168	50,168
Dividends	-	-	(10,050)	(10,050)
At 31 May 2021	15,000	15,000	1,016,636	1,046,636

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 June 2019	15,000	15,000	782,899	812,899
Profit for the year	-	-	318,569	318,569
Total comprehensive income	-	-	318,569	318,569
Dividends	-	-	(124,950)	(124,950)
At 31 May 2020	15,000	15,000	976,518	1,006,518

Devon Contractors Limited

Statement of Cash Flows for the Year Ended 31 May 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		50,168	318,569
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	51,591	44,786
Profit on disposal of tangible assets		(667)	(250)
Finance income	<u>7</u>	(392)	(7,652)
Income tax expense	<u>11</u>	12,104	70,388
		112,804	425,841
Working capital adjustments			
(Increase)/decrease in trade debtors	<u>13</u>	(2,961,310)	1,112,006
Increase/(decrease) in trade creditors	<u>15</u>	2,061,120	(1,592,195)
Cash generated from operations		(787,386)	(54,348)
Income taxes paid	<u>11</u>	(73,644)	(89,324)
Net cash flow from operating activities		(861,030)	(143,672)
Cash flows from investing activities			
Interest received	<u>7</u>	392	7,652
Acquisitions of tangible assets		(37,055)	(64,160)
Proceeds from sale of tangible assets		667	250
Net cash flows from investing activities		(35,996)	(56,258)
Cash flows from financing activities			
Repayment of other borrowing		500,000	-
Dividends paid	<u>21</u>	(10,050)	(124,950)
Net cash flows from financing activities		489,950	(124,950)
Net decrease in cash and cash equivalents		(407,076)	(324,880)
Cash and cash equivalents at 1 June		3,750,896	4,075,776
Cash and cash equivalents at 31 May	<u>14, 23</u>	3,343,820	3,750,896

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

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

These financial statements were authorised for issue by the Board on 2 May 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

In light of the rapid global spread of Coronavirus "COVID-19" in early 2020, the directors have reviewed projections and budgets for the next twelve months. Given the level of cash held by the company, high levels of reserves, lack of external financing and support of the shareholders, the directors consider the company to be a going concern and able to continue trading for the foreseeable future.

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue recognition

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.

When the outcome of a construction contract can be estimated reliably, the company recognises contract revenue and contract costs associated with the construction contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

Government grants

Grants are recognised in the financial statements when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

Grants become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

Grants towards capital expenditure are initially recognised as deferred revenue and then released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

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

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

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Tangible assets

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	Straight line basis over 2 to 5 years or 40%/50% first year and straight line for the next 3 years
Fixtures, fittings and equipment	Straight line basis up to 5 years
Motor vehicles	Straight line basis over 5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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 on account.

Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions for loss making contracts are recognised immediately in full in the profit and loss statement. Any anticipated losses in respect of onerous contracts are expensed in the accounting period in which such losses become probable.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

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

	2021	2020
	£	£
Construction contracts	23,672,612	20,601,864

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 for the Year Ended 31 May 2021

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Miscellaneous other operating income	37,037	104,491

5 Operating profit

Arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation expense	51,591	44,786
Profit on disposal of property, plant and equipment	(667)	(250)

6 Government grants

The grants recognised in the financial statements relate to the Government assisted Coronavirus Job Retention Scheme.

The amount of grants recognised in the financial statements was £37,037 (2020 - £104,491).

7 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	392	7,652

8 Staff costs

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

	2021	2020
	£	£
Wages and salaries	2,060,780	1,966,508
Social security costs	11,816	11,273
Pension costs, defined contribution scheme	320,514	217,240
	2,393,110	2,195,021

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

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

	2021 No.	2020 No.
Directors	4	4
Administration	9	10
Construction workers	30	30
	<u>43</u>	<u>44</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	285,341	316,730
Contributions paid to money purchase schemes	165,010	138,260
	<u>450,351</u>	<u>454,990</u>

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

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	73,317	73,293
Company contributions to money purchase pension schemes	<u>41,252</u>	<u>34,565</u>

10 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>13,500</u>	<u>11,000</u>
Other fees to auditors		
Taxation compliance services	<u>2,878</u>	<u>7,710</u>

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

11 Taxation

Tax charged/(credited) in the income statement:

	2021 £	2020 £
Current taxation		
UK corporation tax	13,051	73,644
Deferred taxation		
Arising from origination and reversal of timing differences	(947)	444
Arising from previously unrecognised temporary differences in prior periods	-	(3,700)
Total deferred taxation	(947)	(3,256)
Tax expense in the income statement	12,104	70,388

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	62,272	388,957
Corporation tax at standard rate	11,832	73,902
Effect of expense not deductible in determining taxable profit (tax loss)	272	186
Deferred tax credit from unrecognised temporary difference from a prior period	-	(3,700)
Total tax charge	12,104	70,388

Deferred tax

Deferred tax assets and liabilities

2021

Capital allowances in excess of depreciation

2020

Capital allowances in excess of depreciation

Liability
£

9,227

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

12 Tangible assets

	Furniture, fittings and equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 June 2020	163,108	144,980	234,916	543,004
Additions	7,930	-	29,125	37,055
Disposals	-	-	(13,750)	(13,750)
At 31 May 2021	171,038	144,980	250,291	566,309
Depreciation				
At 1 June 2020	123,736	137,499	178,569	439,804
Charge for the year	17,599	7,072	26,920	51,591
Eliminated on disposal	-	-	(13,750)	(13,750)
At 31 May 2021	141,335	144,571	191,739	477,645
Carrying amount				
At 31 May 2021	29,703	409	58,552	88,664
At 31 May 2020	39,372	7,481	56,347	103,200

13 Debtors

	Note	2021 £	2020 £
Trade debtors		3,310,482	839,418
Amounts owed by related parties	24	582,796	-
Other debtors		89,300	91,000
Accrued income		-	90,850
		3,982,578	1,021,268

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

14 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	3,343,820	3,750,896

15 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	19	122,177	-
Trade creditors		4,969,762	3,040,481
Social security and other taxes		571,694	261,740
Accruals		305,639	483,754
Corporation tax liability	11	13,051	73,644
		<u>5,982,323</u>	<u>3,859,619</u>
Due after one year			
Loans and borrowings	19	377,823	-

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

16 Provisions for liabilities

	Deferred tax £	Total £
At 1 June 2020	9,227	9,227
Increase (decrease) in existing provisions	(947)	(947)
At 31 May 2021	<u>8,280</u>	<u>8,280</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £320,514 (2020 - £217,240). Contributions totalling £7,430 (2020 - £8,790) were payable to the scheme at the end of the year and are included in creditors.

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

18 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	15,000	15,000	15,000	15,000

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

- Each share is entitled to one vote at all general meetings of the company and on a written resolution.
- Each share is entitled to dividends, to be paid as the company may determine, and each share has equal rights to dividends.
- Each share is entitled to equal rights, a return of capital on liquidation or otherwise.
- The shares are non-redeemable.

19 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Other borrowings	377,823	-

	2021 £	2020 £
Current loans and borrowings		
Other borrowings	122,177	-

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	34,160	36,317
Later than one year and not later than five years	85,677	100,837
Later than five years	20,583	39,583
	140,420	176,737

The amount of non-cancellable operating lease payments recognised as an expense during the year was £43,380 (2020 - £43,911).

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

21 Dividends

Interim dividends paid

	2021 £	2020 £
Interim dividend of £0.67 (2020 - £8.33) per each Ordinary share	10,050	124,950
	<u> </u>	<u> </u>

22 Contingent 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 the year end there are £530,780 outstanding (2020 - £589,022). This facility is held in the sole name of Devon Contractors Limited.

23 Analysis of changes in net debt

	At 1 June 2020 £	Financing cash flows £	At 31 May 2021 £
Cash and cash equivalents			
Cash	3,750,896	(407,076)	3,343,820
	<u>3,750,896</u>	<u>(407,076)</u>	<u>3,343,820</u>

Devon Contractors Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

24 Related party transactions

Income and receivables from related parties

	Other related parties £
2021	
Sale of goods	462,706

2020

Expenditure with and payables to related parties

	Other related parties £
2021	
Purchase of goods	1,264
Rendering of services	32,000
	33,264

2020

	Other related parties £
Purchase of goods	1,134
Rendering of services	32,000
	33,134

Loans to related parties

	Key management £	Total £
2021		
Advanced	582,798	582,798
At end of period	582,798	582,798

25 Parent and ultimate parent undertaking

The ultimate controlling party is the directors.

26 Non adjusting events after the financial period

On 1 February 2022 the company purchased 3,000 ordinary shares from minority shareholders for total cash consideration of £460,000. The purchase was made out of profit and loss reserves.

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.