

A. & V. SQUIRES PLANT CO. LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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A. & V. SQUIRES PLANT CO. LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTOR: R N Squires

SECRETARY: Mrs S M Squires

REGISTERED OFFICE: Vivienne House
Race Course Road
Crew Lane Industrial Estate
Southwell
Nottinghamshire
NG25 0TX

REGISTERED NUMBER: 01000918 (England and Wales)

SENIOR STATUTORY AUDITOR: Ian Phillips FCA

AUDITORS: Duncan & Toplis Limited, Statutory Auditor
14 London Road
Newark
Nottinghamshire
NG24 1TW

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his strategic report for the year ended 31 December 2020.

PRINCIPLE ACTIVITY

The principal activity of the company in the year under review was that of contract bulk earth moving, civil engineering and other related infrastructure support services and plant hire.

REVIEW OF BUSINESS

The director aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties faced.

The Statement of Financial Position as at 31 December 2020 shows net assets have decreased by £116k. The key factor to this decrease was writing off bad debt of £66k due from a customer in administration. The company continues to be profitable despite the impact of Covid, as we continue to attract high value one-off contracts in addition to recurring work.

KEY PERFORMANCE INDICATORS

It is considered that the key financial performance indicators are those that communicate the performance and strength of the business as a whole, these being turnover, gross margin and gearing. A table showing these key indicators over the last three years has been included below:

	2020	2019	2018
Revenue £	8,466,765	10,731,865	6,366,285
Gross profit £	970,501	2,002,511	1,404,153
Gross profit %	11.46 %	18.66 %	22.06 %
Net profit before tax %	0.61 %	9.58 %	4.91 %
Trade debtors days	59.21	59.42	78.58
Trade creditors days	34.58	51.01	30.94

The above KPIs are calculated and reviewed on a regular basis by the director and used to monitor and manage the company's performance. The impact of Covid has led to a reduction in revenue from the prior year as well as reduced gross profit and net profit margins.

FUTURE DEVELOPMENTS

It remains the director's intention to continue and complete the major financial reinvestment in the operated and non-operated plant and equipment offered by the business. The company aims to consolidate the new contract works this investment has enabled. There is expected to be some loss of revenue in the forthcoming year due to expiry of high value, one-off contracts, however the director and senior managers are hopeful that by maintaining close budgetary control, there will be reductions in both fixed and variable costs allowing overall profit to rise.

The business continues to achieve and maintain a number of internationally recognised, externally accredited safety, quality and environmental standards, affording it a more enhanced standing thereby enabling the business to enter into new commercial markets affording the opportunity to successfully secure long term service contract works.

PRINCIPAL RISKS AND UNCERTAINTIES

The director continually monitors the key risks facing the company together with assessing the controls used for managing these risks. These are discussed with other members of senior management at least annually.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The principal risks and uncertainties facing the company are derived from general economic uncertainty and loss of one-off contracts which could potentially lead to cash flow difficulties. The company is deemed to have sufficient financial headroom with bank finance well below the authorised limits and all outstanding plant and equipment hire purchase creditors being secured. As described in future developments, the enhanced standing of the business has so far enabled it to continue to attract new, profitable contracts.

Periods of inclement weather may reduce the demand for the company's products and ability to operate reducing sales and profits.

Failure to comply with existing legislation could materially affect the company's ability to operate. In addition, changes in government policy or legislation could adversely affect business operating costs.

ON BEHALF OF THE BOARD:

R N Squires - Director

30 September 2021

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of contract bulk earth moving, civil engineering and other related infrastructure support services and plant hire.

DIVIDENDS

An interim dividend of 5.23 per share was paid on 31 May 2020. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2020 will be £ 162,160 .

DIRECTOR

R N Squires held office during the whole of the period from 1 January 2020 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

R N Squires - Director

30 September 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A. & V. SQUIRES PLANT CO. LIMITED

Opinion

We have audited the financial statements of A. & V. Squires Plant Co. Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other matters

The corresponding figures included within the financial statements for the year ended 31 December 2020 on pages 9 to 23 are unaudited.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A. & V. SQUIRES PLANT CO. LIMITED**

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 Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A. & V. SQUIRES PLANT CO. LIMITED**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. This included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Operator Licensing requirements, Employee qualifications, Health and Safety regulations and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This inspection included a review to ensure that the required memberships and certificates are held by the company and employees, including confirmation of a valid operator's license. Health and safety requirements were reviewed for any evidence of non-compliance, in addition to an assessment of the company's employment and health and safety controls. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A. & V. SQUIRES PLANT CO. LIMITED**

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 a Report of the Auditors 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.

Ian Phillips FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Topliss Limited, Statutory Auditor
14 London Road
Newark
Nottinghamshire
NG24 1TW

30 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
REVENUE		8,466,765	10,731,865
Cost of sales		<u>7,496,264</u>	<u>8,729,354</u>
GROSS PROFIT		970,501	2,002,511
Administrative expenses		<u>1,137,520</u> (167,019)	<u>916,144</u> 1,086,367
Other operating income		<u>300,703</u>	<u>2,640</u>
OPERATING PROFIT	4	133,684	1,089,007
Interest receivable and similar income		<u>155</u> 133,839	<u>364</u> 1,089,371
Interest payable and similar expenses	5	<u>81,772</u>	<u>61,344</u>
PROFIT BEFORE TAXATION		52,067	1,028,027
Tax on profit	6	<u>5,652</u>	<u>194,247</u>
PROFIT FOR THE FINANCIAL YEAR		46,415	833,780
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>46,415</u>	<u>833,780</u>

The notes form part of these financial statements

A. & V. SQUIRES PLANT CO. LIMITED (REGISTERED NUMBER: 01000918)**BALANCE SHEET
31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Property, plant and equipment	8		5,233,731		4,540,356
CURRENT ASSETS					
Inventories	9	66,367		20,773	
Debtors	10	2,132,652		2,464,098	
Cash at bank and in hand		<u>197,165</u>		<u>172,383</u>	
		2,396,184		2,657,254	
CREDITORS					
Amounts falling due within one year	11	<u>3,057,318</u>		<u>3,073,817</u>	
NET CURRENT LIABILITIES			<u>(661,134)</u>		<u>(416,563)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,572,597		4,123,793
CREDITORS					
Amounts falling due after more than one year	12		(1,771,938)		(1,299,953)
PROVISIONS FOR LIABILITIES	17		<u>(435,636)</u>		<u>(343,072)</u>
NET ASSETS			<u>2,365,023</u>		<u>2,480,768</u>
CAPITAL AND RESERVES					
Called up share capital	18		31,000		31,000
Share premium	19		108,000		108,000
Capital redemption reserve	19		31,000		31,000
Retained earnings	19		<u>2,195,023</u>		<u>2,310,768</u>
SHAREHOLDERS' FUNDS			<u>2,365,023</u>		<u>2,480,768</u>

The financial statements were approved by the director and authorised for issue on 30 September 2021 and were signed by:

R N Squires - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	31,000	1,712,988	108,000	31,000	1,882,988
Changes in equity					
Dividends	-	(236,000)	-	-	(236,000)
Total comprehensive income	-	833,780	-	-	833,780
Balance at 31 December 2019	<u>31,000</u>	<u>2,310,768</u>	<u>108,000</u>	<u>31,000</u>	<u>2,480,768</u>
Changes in equity					
Dividends	-	(162,160)	-	-	(162,160)
Total comprehensive income	-	46,415	-	-	46,415
Balance at 31 December 2020	<u>31,000</u>	<u>2,195,023</u>	<u>108,000</u>	<u>31,000</u>	<u>2,365,023</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	607,014	1,932,518
Interest paid		(8,618)	(2,587)
Interest element of hire purchase payments paid		(69,109)	(56,260)
Finance costs paid		(4,045)	(2,497)
Tax paid		(41,813)	(79,561)
Government grants received		298,283	-
Net cash from operating activities		<u>781,712</u>	<u>1,791,613</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,181,807)	(2,656,178)
Sale of tangible fixed assets		519,974	552,875
Interest received		155	364
Net cash from investing activities		<u>(1,661,678)</u>	<u>(2,102,939)</u>
Cash flows from financing activities			
New loans in year		-	381,265
Loan repayments in year		(16,465)	-
Capital repayments of hire purchase		718,054	575,377
Amount introduced by directors		365,319	-
Amount withdrawn by directors		-	(255,887)
Equity dividends paid		(162,160)	(236,000)
Net cash from financing activities		<u>904,748</u>	<u>464,755</u>
Increase in cash and cash equivalents		<u>24,782</u>	<u>153,429</u>
Cash and cash equivalents at beginning of year	2	172,383	18,954
Cash and cash equivalents at end of year	2	<u>197,165</u>	<u>172,383</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	52,067	1,028,027
Depreciation charges	1,017,550	851,010
Profit on disposal of fixed assets	(49,092)	(103,572)
Government grants	(298,283)	-
Finance costs	81,772	61,344
Finance income	(155)	(364)
	<u>803,859</u>	<u>1,836,445</u>
(Increase)/decrease in inventories	(45,594)	46,429
Decrease/(increase) in trade and other debtors	183,914	(742,345)
(Decrease)/increase in trade and other creditors	<u>(335,165)</u>	<u>791,989</u>
Cash generated from operations	<u><u>607,014</u></u>	<u><u>1,932,518</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>197,165</u>	<u>172,383</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>172,383</u>	<u>18,954</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>172,383</u>	<u>24,782</u>	<u>197,165</u>
	<u>172,383</u>	<u>24,782</u>	<u>197,165</u>
Debt			
Finance leases	(1,823,484)	(718,054)	(2,541,538)
Debts falling due within 1 year	(16,887)	(8,029)	(24,916)
Debts falling due after 1 year	<u>(364,378)</u>	<u>24,493</u>	<u>(339,885)</u>
	<u>(2,204,749)</u>	<u>(701,590)</u>	<u>(2,906,339)</u>
Total	<u><u>(2,032,366)</u></u>	<u><u>(676,808)</u></u>	<u><u>(2,709,174)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

A. & V. Squires Plant Co. Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts, prompt settlement discounts and volume rebates. Revenue is recognised when the risks and rewards in connection with the ownership of the goods are transferred to the buyer. Revenue is recognised for services by reference to the stage of completion at the end of the reporting period. Contracting revenue represents the value of work executed during the year, once attributable profit can be reliably measured.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Plant and machinery	- 25% on reducing balance and 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 20% on reducing balance

The company bases depreciation on the useful economic life of each asset or, if held under a finance lease, over the lease term, whichever is shorter. The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-measured annually.

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and fair value less costs to complete and sell, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Inventories are accounted for on a first-in-first-out basis.

Taxation

Taxation for the year comprises current and deferred tax. 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 equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

Leases are recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of minimum lease payments determined at the inception of the lease.

The lease payments are apportioned between finance charge and the reduction of the outstanding liability using the effective interest method. The finance charge is allocated each year so that there is a constant periodic rate of interest on the remaining balance of the liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Government grants

Government grants are recognised on the accrual model and are credited to deferred revenue. Grants towards capital expenditure are released to the income statement over the expected useful economic life of the related assets.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	2,216,407	2,109,984
Social security costs	236,580	232,072
Other pension costs	85,859	85,024
	<u>2,538,846</u>	<u>2,427,080</u>

The average number of employees during the year was as follows:

	2020	2019
Management	4	4
Admin	4	4
Production	51	48
	<u>59</u>	<u>56</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. EMPLOYEES AND DIRECTORS - continued

	2020	2019
	£	£
Director's remuneration	8,632	6,474
Director's pension contributions to money purchase schemes	<u>40,073</u>	<u>44,056</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	497,630	467,552
Depreciation - owned assets	250,779	325,259
Depreciation - assets on hire purchase contracts	766,771	525,751
Profit on disposal of fixed assets	(49,092)	(103,572)
Auditors' remuneration	<u>11,500</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest	8,452	2,513
CIS interest	166	74
Hire purchase interest & fees	69,109	56,260
Other loan interest	<u>4,045</u>	<u>2,497</u>
	<u>81,772</u>	<u>61,344</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	(86,913)	41,813
Deferred tax	<u>92,565</u>	<u>152,434</u>
Tax on profit	<u>5,652</u>	<u>194,247</u>

UK corporation tax has been charged at 19% .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>52,067</u>	<u>1,028,027</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	9,893	195,325
Effects of:		
Expenses not deductible for tax purposes	1,887	79
Income not taxable for tax purposes	(5,160)	(41,718)
Capital allowances in excess of depreciation	(93,533)	(111,873)
Movement in provisions	92,565	152,434
tax rates		
Total tax charge	<u>5,652</u>	<u>194,247</u>

7. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>162,160</u>	<u>236,000</u>

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 January 2020	721,858	6,180,046	454,114	79,351	7,435,369
Additions	89,695	2,078,565	11,590	1,957	2,181,807
Disposals	-	(1,001,860)	(19,169)	-	(1,021,029)
At 31 December 2020	<u>811,553</u>	<u>7,256,751</u>	<u>446,535</u>	<u>81,308</u>	<u>8,596,147</u>
DEPRECIATION					
At 1 January 2020	-	2,606,738	228,459	59,816	2,895,013
Charge for year	-	954,670	58,807	4,073	1,017,550
Eliminated on disposal	-	(532,373)	(17,774)	-	(550,147)
At 31 December 2020	<u>-</u>	<u>3,029,035</u>	<u>269,492</u>	<u>63,889</u>	<u>3,362,416</u>
NET BOOK VALUE					
At 31 December 2020	<u>811,553</u>	<u>4,227,716</u>	<u>177,043</u>	<u>17,419</u>	<u>5,233,731</u>
At 31 December 2019	<u>721,858</u>	<u>3,573,308</u>	<u>225,655</u>	<u>19,535</u>	<u>4,540,356</u>

The net book value of property, plant and equipment includes £ 3,091,780 (2019 - £ 2,695,186) in respect of assets held under hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. INVENTORIES

	2020	2019
	£	£
Inventories	<u>66,367</u>	<u>20,773</u>

10. DEBTORS

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,530,096	1,747,174
Other debtors	-	1,201
Directors' current accounts	-	234,445
Tax	86,913	-
Prepayments	<u>130,798</u>	<u>105,830</u>
	<u>1,747,807</u>	<u>2,088,650</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>384,845</u>	<u>375,448</u>
Aggregate amounts	<u>2,132,652</u>	<u>2,464,098</u>

Trade debtors are subject to invoice discounting. The amount owing is shown within other creditors.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 13)	24,916	16,887
Hire purchase contracts (see note 14)	1,109,485	887,909
Trade creditors	710,247	1,220,070
Corporation tax	-	41,813
Social security and other taxes	56,488	51,155
VAT	295,081	106,954
Other creditors	119,946	87,241
Invoice discounting	568,665	588,718
Directors' current accounts	130,874	-
Accrued expenses	<u>41,616</u>	<u>73,070</u>
	<u>3,057,318</u>	<u>3,073,817</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans (see note 13)	339,885	364,378
Hire purchase contracts (see note 14)	<u>1,432,053</u>	<u>935,575</u>
	<u>1,771,938</u>	<u>1,299,953</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand: Bank loans	<u>24,916</u>	<u>16,887</u>
Amounts falling due between one and two years: Bank loans - 1-2 years	<u>-</u>	<u>364,378</u>
Amounts falling due between two and five years: Bank loans - 2-5 years	<u>339,885</u>	<u>-</u>

14. LEASING AGREEMENTS

	Non-cancellable operating leases	
	2020 £	2019 £
Within one year	77,106	77,106
Between one and five years	<u>25,702</u>	<u>102,809</u>
	<u>102,808</u>	<u>179,915</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank loans	364,801	381,265
Hire purchase contracts	2,541,538	1,823,484
Invoice discounting	<u>568,665</u>	<u>588,718</u>
	<u>3,475,004</u>	<u>2,793,467</u>

Bank loans are secured by a fixed charge over the company's land and property, plant and equipment stored there and associated earnings.

Hire purchase contracts are secured over the individual assets to which they relate.

Invoice discounting facilities and an overdraft facility are secured by way of fixed and floating charges over the company's property, assets and rights as well as a director's personal guarantee.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

16. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	1,530,096	1,747,174
Other debtors	-	1,201
Directors' current accounts	-	234,445
Amounts recoverable on contract	384,845	375,448
Financial liabilities measured at amortised cost		
Trade creditors	710,247	1,220,070
Other creditors	119,946	87,241
Bank loans	364,801	381,265
Hire purchase contracts	2,541,538	1,823,484
Invoice discounting	568,665	588,718
Directors' loan accounts	130,874	-

No interest income or expense for financial assets and financial liabilities that are not measured at fair value through the Income Statement was recognised in either 2020 or 2019.

17. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax	<u>435,636</u>	<u>343,072</u>
		Deferred tax
		£
Balance at 1 January 2020		343,072
Charge to Statement of Comprehensive Income during year		<u>92,564</u>
Balance at 31 December 2020		<u>435,636</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
31,000	Ordinary	£1	<u>31,000</u>	<u>31,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

19. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2020	2,310,768	108,000	31,000	2,449,768
Profit for the year	46,415			46,415
Dividends	(162,160)			(162,160)
At 31 December 2020	<u>2,195,023</u>	<u>108,000</u>	<u>31,000</u>	<u>2,334,023</u>

20. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>375,000</u>	<u>127,000</u>

The amounts stated are exclusive of VAT.

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
R N Squires		
Balance outstanding at start of year	234,445	(21,442)
Amounts advanced	225,957	432,888
Amounts repaid	(591,276)	(177,001)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(130,874)</u>	<u>234,445</u>

At the year end the director's loan account totalled £130,874 owed by the company (2019: £234,445 owed to the company). No interest was charged to the company. There are no repayment terms attached to the loan.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. RELATED PARTY DISCLOSURES

Key Management Personnel

The following transactions have taken place with key management personnel during the year:

	2020	2019
	£	£
Sales	1,634	6,488
Rent on trading premises	40,200	40,200
Dividends	162,160	236,000

Key management personnel compensation is considered to be the same as reported under directors' remuneration disclosed in note 3.

Amounts due to key management personnel at the year end totalled £130,874 (due from 2019: 234,445). All balances are unsecured and repayable on demand.

23. GOVERNMENT GRANTS

Government grants refers to the amounts received from the coronavirus job retention scheme totalling £298,283 during the year. This is recognised in the period in which it relates.

24. CONTROLLING PARTY

The controlling party is A & V Squires Holdings Limited

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