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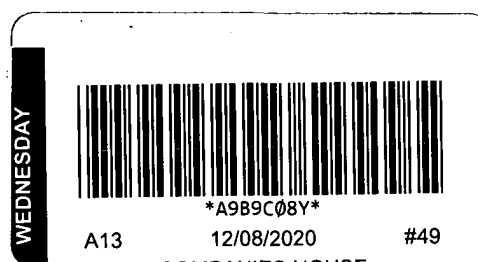
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Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 December 2019

for

Ashe Group Holdings Limited



Partners: Subhas N. Borkhatia — Kestral Accountancy Solutions Ltd — Roger A. Owen FCA
Chetan Parmar FCCA — Rive Accountancy Limited — Naresh K. Sarna FCA
Consultant: James L. Beer

Registered in England number OC379490. Registered office 64 Wilbury Way, Hitchin, Herts SG4 0TP

Registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales

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for the Year Ended 31 December 2019

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Ashe Group Holdings Limited

Company Information
for the Year Ended 31 December 2019

DIRECTORS:

R S Blake
N R Blake
R A Blake

SECRETARY:

Mrs L Blake

REGISTERED OFFICE:

Ashe House
Cooks Way
Hitchin
Hertfordshire
SG4 0JE

REGISTERED NUMBER:

01068783 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Roger Owen FCA

AUDITORS:

Chancellors LLP
Statutory Auditors
64 Wilbury Way
Hitchin
Hertfordshire
SG4 0TP

Group Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

Introduction

Ashe Construction, the principal subsidiary of the group, manages the design and construction of buildings for public and private sector clients in numerous sectors, including education, commercial, retail, industrial, health and community. The company embraces new build, refurbishment, alteration and fit-out work.

Ashe Roofing continued to grow satisfactorily and operates in similar sectors. Its main focus is flat roofing which is procured both for new roofs and the refurbishment of existing roofs.

From the group's office in Hertfordshire all businesses cover a similar geographical reach incorporating the eastern region, home counties, London, the Thames valley and east and west Midlands.

Business Review

The overall outcome on turnover and profitability have been satisfactory given the difficult trading conditions encountered during Brexit year. Whilst overall turnover fell, net margins remained steady.

The group's order book going into 2020 exceeds £60 million and the directors consider further sustainable growth is achievable based on its client base and first class reputation.

Strategic Outlook

The group's objective is to grow sustainably and establish its position as an employer of choice offering security, career progression and opportunity. The group seeks to be recognised as a leader in its field by its clients, peer companies, the supply chain and regional community.

This objective is embodied in the group's declared vision "to be the most admired and respected regional construction company".

Group Strategic Report
for the Year Ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The board of directors believe the following are the major risks and uncertainties that face the business:

Finance

The group does not depend on bank finance to provide its day-to-day working capital.

However, debtors from both the private and public sector are not always prompt payers. Thus, the group aims to maintain a high level of liquidity.

Other threats would include client and supply chain insolvency.

Mindful of Coronavirus' impact on the economy, the group seeks to maintain a margin safety in which the group spreads its risk across many projects of varying values to reduce the impact of client failure.

To minimise the threat of sub-contractor failure, the group procures most of its work through a tried and tested supply chain with which it has established a long-term relationship.

Resources and Skills

Shortage of resources and skilled staff at all levels is a constraint on expansion in the construction industry.

There is no quick solution to this but the group invests greatly in training and developing all its staff, particularly at trainee/apprentice level.

The group embraces new technology both in terms of IT systems and pre-fabricated/ off-site construction techniques.

All such initiatives feature in the group's recent project portfolio and Ashe continues to develop its expertise in new technology to reduce waste and improve productivity.

Health and Safety

With the advent of COVID-19 the group has aligned its processes and approach to building to the industry's new operating guidelines to mitigate the spread and transmission of the Coronavirus at the workplace.

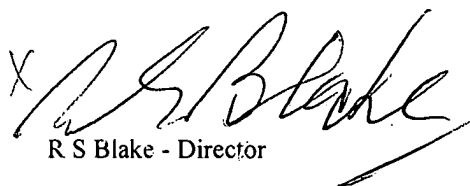
These new initiatives are under continuous review and sites are constantly monitored to ensure that the measures implemented by the group are effective and pragmatic.

In all other aspects the group continues to monitor its performance and to act and improve as necessary to maintain its high levels of safety.

SECTION 172(1) STATEMENT

The board of directors of Ashe Group Holdings Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would most likely to promote the success of the group for benefit of its members as a whole having regard to the stakeholders and matters set out in S.172 (1)(a-f) of the Act in decision making during the year ended 31 December 2019.

ON BEHALF OF THE BOARD:

X 
R S Blake - Director

5 May 2020

Report of the Directors
for the Year Ended 31 December 2019

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

DIVIDENDS

Interim dividends totalling £31.7905 per share were paid on the 'A' Ordinary £1 shares during the year. Interim dividend of £1,300 per share were declared on the 'B' Ordinary £1 shares during the year.

The total distribution of dividends for the year ended 31 December 2019 were £249,556 for the 'A' Ordinary shares and £100,100 for the 'B' Ordinary shares.

FUTURE DEVELOPMENTS

The group has an expanding client base which it expects will sustain a profitable level of contracting business.

The group remains extremely competitive and the board of directors are confident that the group has the staff, reputation and experience to achieve continued profitability.

The directors consider the level of orders at the commencement of 2020 to be very satisfactory.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

R S Blake
N R Blake
R A Blake

EMPLOYEES

The group is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job. All applications for employment from disabled persons are given full and fair consideration, bearing in mind the aptitudes and abilities of the applicant concerned. The policy for training, career development and promotion of disabled employees is, as far as possible, the same as that for other employees.

The group places considerable value on the involvement of its employees and endeavours to keep them fully informed of all relevant matters on a timely basis. The group has Investors in People accreditation.

Report of the Directors
for the Year Ended 31 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

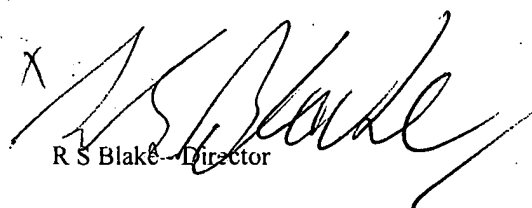
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director 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 group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

X 
R S Blake Director

5 May 2020

**Report of the Independent Auditors to the Members of
Ashe Group Holdings Limited**

Opinion

We have audited the financial statements of Ashe Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 group 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 group'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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Ashe Group Holdings Limited**

Matters on which we are required to report by exception

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

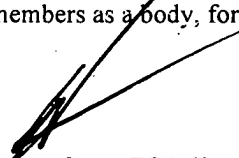
Auditors' responsibilities for the audit of the financial statements

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.

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.

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.



Roger Owen FCA (Senior Statutory Auditor)
for and on behalf of Chancellors LLP
Statutory Auditors
64 Wilbury Way
Hitchin
Hertfordshire
SG4 0TP

5 May 2020

Ashe Group Holdings Limited (Registered number: 01068783)

Consolidated Income Statement
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
TURNOVER	3	58,637,130	70,653,874
Cost of sales		<u>55,386,254</u>	<u>67,221,980</u>
GROSS PROFIT		3,250,876	3,431,894
Administrative expenses		<u>2,570,124</u>	<u>2,900,128</u>
		680,752	531,766
Other operating income		<u>203,320</u>	<u>276,362</u>
OPERATING PROFIT	5	884,072	808,128
Interest receivable and similar income		<u>33,045</u>	<u>30,276</u>
		917,117	838,404
Interest payable and similar expenses	6	<u>-</u>	<u>14</u>
PROFIT BEFORE TAXATION		917,117	838,390
Tax on profit	7	<u>(120,852)</u>	<u>(115,636)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,037,969</u>	<u>954,026</u>
Profit attributable to: Owners of the parent		<u>1,037,969</u>	<u>954,026</u>

The notes form part of these financial statements

Ashe Group Holdings Limited (Registered number: 01068783)

Consolidated Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
PROFIT FOR THE YEAR		1,037,969	954,026
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,037,969</u>	<u>954,026</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,037,969</u>	<u>954,026</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	10		258,539		1,105,752
Investments	11		-		-
Investment property	12		<u>1,300,000</u>		<u>1,300,000</u>
			1,558,539		2,405,752
CURRENT ASSETS					
Inventories	13	304,477		304,477	
Debtors: amounts falling due within one year	14	8,796,417		9,629,594	
Debtors: amounts falling due after more than one year	14	1,400,892		1,714,811	
Cash at bank		<u>8,062,155</u>		<u>7,877,603</u>	
		18,563,941		19,526,485	
CREDITORS					
Amounts falling due within one year	15	<u>11,370,355</u>		<u>13,164,290</u>	
NET CURRENT ASSETS			<u>7,193,586</u>		<u>6,362,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,752,125		8,767,947
CREDITORS					
Amounts falling due after more than one year	16		<u>1,421,086</u>		<u>2,125,221</u>
NET ASSETS			<u>7,331,039</u>		<u>6,642,726</u>
CAPITAL AND RESERVES					
Called up share capital	20		7,927		7,927
Investment revaluation reserve	21		(227,470)		(227,470)
Consolidation reserve	21		474,721		474,721
Retained earnings	21		<u>7,075,861</u>		<u>6,387,548</u>
SHAREHOLDERS' FUNDS			<u>7,331,039</u>		<u>6,642,726</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2020 and were signed on its behalf by:

X
R A Blake - Director

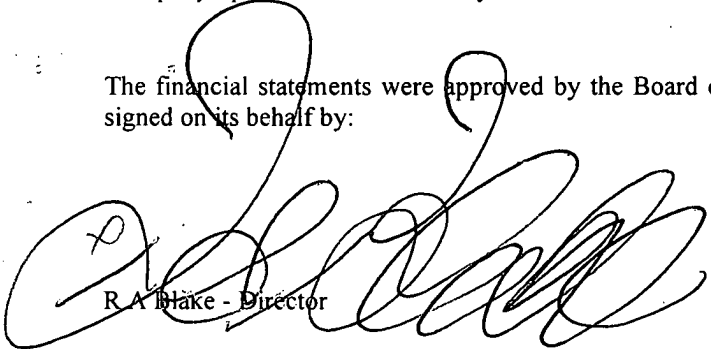
Ashe Group Holdings Limited (Registered number: 01068783)

Company Balance Sheet

31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	10		21,029		-
Investments	11		200,100		200,100
Investment property	12		<u>1,300,000</u>		<u>1,300,000</u>
			1,521,129		1,500,100
CURRENT ASSETS					
Inventories	13	304,477		304,477	
Debtors: amounts falling due within one year	14	1,003,235		907,976	
Cash at bank		<u>130,874</u>		<u>33,438</u>	
		1,438,586		1,245,891	
CREDITORS					
Amounts falling due within one year	15	<u>1,075,072</u>		<u>628,186</u>	
NET CURRENT ASSETS			<u>363,514</u>		<u>617,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,884,643</u>		<u>2,117,805</u>
CAPITAL AND RESERVES					
Called up share capital	20		7,927		7,927
Investment revaluation reserve	21		(227,470)		(227,470)
Retained earnings	21		<u>2,104,186</u>		<u>2,337,348</u>
SHAREHOLDERS' FUNDS			<u>1,884,643</u>		<u>2,117,805</u>
Company's profit for the financial year			<u>116,494</u>		<u>61,987</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2020 and were signed on its behalf by:


R. A. Blake - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Investment revaluation reserve £	Consolidation reserve £	Total equity £
Balance at 1 January 2018	7,927	5,621,322	(227,470)	474,721	5,876,500
Changes in equity					
Dividends	-	(187,800)	-	-	(187,800)
Total comprehensive income	-	954,026	-	-	954,026
Balance at 31 December 2018	<u>7,927</u>	<u>6,387,548</u>	<u>(227,470)</u>	<u>474,721</u>	<u>6,642,726</u>
Changes in equity					
Dividends	-	(349,656)	-	-	(349,656)
Total comprehensive income	-	1,037,969	-	-	1,037,969
Balance at 31 December 2019	<u>7,927</u>	<u>7,075,861</u>	<u>(227,470)</u>	<u>474,721</u>	<u>7,331,039</u>

The notes form part of these financial statements

Ashe Group Holdings Limited (Registered number: 01068783)

Company Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Investment revaluation reserve £	Total equity £
Balance at 1 January 2018	7,927	2,390,175	(227,470)	2,170,632
Prior year adjustment	-	72,986	-	72,986
As restated	7,927	2,463,161	(227,470)	2,243,618
Changes in equity				
Dividends	-	(187,800)	-	(187,800)
Total comprehensive income	-	61,987	-	61,987
Balance at 31 December 2018	7,927	2,337,348	(227,470)	2,117,805
Changes in equity				
Dividends	-	(349,656)	-	(349,656)
Total comprehensive income	-	116,494	-	116,494
Balance at 31 December 2019	7,927	2,104,186	(227,470)	1,884,643

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	(262,497)	513,680
Interest paid		-	(14)
Tax paid		<u>119,186</u>	<u>60,890</u>
Net cash from operating activities		<u>(143,311)</u>	<u>574,556</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(155,572)	(145,767)
Sale of tangible fixed assets		818,408	70,300
Interest received		<u>33,045</u>	<u>30,276</u>
Net cash from investing activities		<u>695,881</u>	<u>(45,191)</u>
 Cash flows from financing activities			
Capital movement in year		(18,831)	43,432
Amount withdrawn by directors		469	(94,389)
Equity dividends paid		<u>(349,656)</u>	<u>(187,800)</u>
Net cash from financing activities		<u>(368,018)</u>	<u>(238,757)</u>
 Increase in cash and cash equivalents		<u>184,552</u>	<u>290,608</u>
Cash and cash equivalents at beginning of year	2	<u>7,877,603</u>	<u>7,586,995</u>
 Cash and cash equivalents at end of year	2	<u><u>8,062,155</u></u>	<u><u>7,877,603</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019**

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

	31.12.19 £	31.12.18 £
Profit before taxation	917,117	838,390
Depreciation charges	260,803	278,552
Profit on disposal of fixed assets	(76,426)	(38,955)
Impairment charge	-	59,500
Finance costs	-	14
Finance income	(33,045)	(30,276)
	1,068,449	1,107,225
Decrease in trade and other debtors	1,115,459	773,279
Decrease in trade and other creditors	(2,446,405)	(1,366,824)
Cash generated from operations	(262,497)	513,680

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 2019

	31.12.19 £	1.1.19 £
Cash and cash equivalents	<u>8,062,155</u>	<u>7,877,603</u>

Year ended 31 December 2018

	31.12.18 £	1.1.18 £
Cash and cash equivalents	<u>7,877,603</u>	<u>7,586,995</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank	<u>7,877,603</u>	<u>184,552</u>	<u>8,062,155</u>
	<u>7,877,603</u>	<u>184,552</u>	<u>8,062,155</u>
Debt			
Finance leases	<u>(68,778)</u>	<u>18,831</u>	<u>(49,947)</u>
	<u>(68,778)</u>	<u>18,831</u>	<u>(49,947)</u>
Total	<u>7,808,825</u>	<u>203,383</u>	<u>8,012,208</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

Ashe Group Holdings 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 General Information page.

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 as modified by the revaluation of certain assets.

Basis of consolidation

The group accounts consolidate the accounts of Ashe Group Holdings Limited and its subsidiary undertakings for the year ended 31 December 2019.

Intra-group sales, profits and dividends are eliminated fully on consolidation.

Turnover

Turnover represents the value of goods and services provided, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are capitalised at cost.

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.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Transit vans	- 33% on cost

Investment property

In accordance with FRS 102, investment properties are valued annually on an open market basis. Changes in valuation are shown as movements on investment revaluation reserve and through Other Comprehensive Income. Companies Act 2006 requires fixed assets to be depreciated on an annual basis to reflect useful economic life of the asset. Compliance with FRS 102 is therefore a departure from Companies Act 2006 necessary to give a true and fair view.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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 Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

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 balance sheet. 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.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

At 31 December 2019, the group owed outstanding contributions of £36,271 (2018 - £25,443).

Revenue recognition

The group's accounting policy in respect of revenue recognition follows the requirements of FRS 102 section 23.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	31.12.19	31.12.18
	£	£
Construction contracts revenue	<u>58,637,130</u>	<u>70,653,874</u>
	<u>58,637,130</u>	<u>70,653,874</u>

4. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	7,322,159	7,205,781
Social security costs	800,429	867,515
Other pension costs	<u>217,601</u>	<u>160,970</u>
	<u>8,340,189</u>	<u>8,234,266</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

4. EMPLOYEES AND DIRECTORS - continued

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

	31.12.19	31.12.18
Administration	37	41
Production	<u>83</u>	<u>88</u>
	<u>120</u>	<u>129</u>

	31.12.19	31.12.18
	£	£
Directors' remuneration	382,674	335,966
Directors' pension contributions to money purchase schemes	<u>36,993</u>	<u>20,112</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.12.19	31.12.18
	£	£
Emoluments etc	230,639	176,505
Pension contributions to money purchase schemes	<u>22,496</u>	<u>10,056</u>

5. OPERATING PROFIT

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

	31.12.19	31.12.18
	£	£
Plant hire	1,163,382	1,423,867
Depreciation - owned assets	216,024	234,042
Depreciation - assets on hire purchase contracts	44,779	44,510
Profit on disposal of fixed assets	(76,426)	(38,955)
Auditors' remuneration	<u>33,564</u>	<u>35,645</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£	£
Interest on corporation tax	<u>-</u>	<u>14</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

7. TAXATION

Analysis of the tax credit

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

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	183,421	193,815
Corporation tax underprovided in prior years	-	19,186
Corporation tax Overprovided in prior years	(176,420)	(170,093)
S.455 reclaim	-	(3,266)
R&D Tax credit	(145,740)	(111,313)
Total current tax	(138,739)	(71,671)
Deferred tax	17,887	(43,965)
Tax on profit	(120,852)	(115,636)

UK corporation tax was charged at 19% in 2018.

Reconciliation of total tax credit 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:

	31.12.19 £	31.12.18 £
Profit before tax	917,117	838,390
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	174,252	159,294
Effects of:		
Expenses not deductible for tax purposes	12,812	11,645
Capital allowances in excess of depreciation	(3,677)	-
Depreciation in excess of capital allowances	-	23,165
Adjustments to tax charge in respect of previous periods	(176,420)	(164,187)
R&D Tax credit	(145,740)	(111,313)
Deferred tax	17,887	(43,965)
S.455 Charge	14,531	27,410
Pension Adj.	(288)	7,114
Directors rem adj.	-	(25,141)
Other adj.	-	342
Group losses relief b/fwd	(14,209)	-
Total tax credit	(120,852)	(115,636)

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

9. DIVIDENDS

	31.12.19 £	31.12.18 £
'A' Ordinary shares of £1 each Interim - ordinary shares	249,556	80,000
'B' Ordinary shares of £1 each Interim	<u>100,100</u>	<u>107,800</u>
	<u>349,656</u>	<u>187,800</u>

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 January 2019	794,700	-	225,996
Additions	-	39,071	10,095
Disposals	<u>(794,700)</u>	<u>-</u>	<u>(91,640)</u>
At 31 December 2019	<u>-</u>	<u>39,071</u>	<u>144,451</u>
DEPRECIATION			
At 1 January 2019	94,700	-	201,723
Charge for year	-	9,768	12,537
Eliminated on disposal	<u>(94,700)</u>	<u>-</u>	<u>(91,640)</u>
At 31 December 2019	<u>-</u>	<u>9,768</u>	<u>122,620</u>
NET BOOK VALUE			
At 31 December 2019	<u>-</u>	<u>29,303</u>	<u>21,831</u>
At 31 December 2018	<u>700,000</u>	<u>-</u>	<u>24,273</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

10. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Transit vans £	Totals £
COST				
At 1 January 2019	354,970	795,831	202,624	2,374,121
Additions	29,712	76,694	-	155,572
Disposals	-	(165,354)	(13,279)	(1,064,973)
At 31 December 2019	<u>384,682</u>	<u>707,171</u>	<u>189,345</u>	<u>1,464,720</u>
DEPRECIATION				
At 1 January 2019	285,411	487,481	199,054	1,268,369
Charge for year	68,905	166,128	3,465	260,803
Eliminated on disposal	-	(123,372)	(13,279)	(322,991)
At 31 December 2019	<u>354,316</u>	<u>530,237</u>	<u>189,240</u>	<u>1,206,181</u>
NET BOOK VALUE				
At 31 December 2019	<u>30,366</u>	<u>176,934</u>	<u>105</u>	<u>258,539</u>
At 31 December 2018	<u>69,559</u>	<u>308,350</u>	<u>3,570</u>	<u>1,105,752</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2019	120,129
Additions	43,905
Transfer to ownership	(27,313)
At 31 December 2019	<u>136,721</u>
DEPRECIATION	
At 1 January 2019	40,631
Charge for year	44,779
Transfer to ownership	(20,485)
At 31 December 2019	<u>64,925</u>
NET BOOK VALUE	
At 31 December 2019	<u>71,796</u>
At 31 December 2018	<u>79,498</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

10. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2019	10,679	-	10,679
Additions	-	28,039	28,039
At 31 December 2019	10,679	28,039	38,718
DEPRECIATION			
At 1 January 2019	10,679	-	10,679
Charge for year	-	7,010	7,010
At 31 December 2019	10,679	7,010	17,689
NET BOOK VALUE			
At 31 December 2019	-	21,029	21,029
At 31 December 2018	-	-	-

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	200,100
NET BOOK VALUE	
At 31 December 2019	200,100
At 31 December 2018	200,100

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Ashe Construction Limited

Registered office: Ashe House, Cooks Way, Hitchin SG4 0JE

Nature of business: Building contractors

	% holding	31.12.19 £	31.12.18 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		5,087,218	4,441,086
Profit for the year		966,132	914,328

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

11. FIXED ASSET INVESTMENTS - continued

Ashe Roofing Limited

Registered office: Ashe House, Cooks Way, Hitchin SG4 0JE

Nature of business: Roofing contractors

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.19	31.12.18
		£	£
Aggregate capital and reserves		559,278	283,938
Profit for the year		<u>275,340</u>	<u>154,728</u>

12. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 January 2019	
and 31 December 2019	<u>1,300,000</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,300,000</u>
At 31 December 2018	<u>1,300,000</u>

The investment property (Network House, Kidlington) was revalued at an open market value on 1 January 2014. The revaluation was undertaken by CB Vecchione MA (Oxon) of Benedicts Consultant Surveyors.

The investment property has since been valued on an open market basis on 31 December 2019 by R S Blake MSc FRICS, a director, and concludes there are no material changes since the formal valuation in 2014.

Company

	Total £
FAIR VALUE	
At 1 January 2019	
and 31 December 2019	<u>1,300,000</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,300,000</u>
At 31 December 2018	<u>1,300,000</u>

Fair value at 31 December 2019 is represented by:

	£
Valuation in 2014	(227,470)
Cost	<u>1,527,470</u>
	<u>1,300,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

12. INVESTMENT PROPERTY - continued

Company

The investment property (Network House, Kidlington) was revalued at an open market value on 1 January 2014. The revaluation was undertaken by CB Vecchione MA (Oxon) of Benedicts Consultant Surveyors.

The investment property has since been valued on an open market basis on 31 December 2019 by R S Blake MSc FRICS, a director, and concludes there are no material changes since the formal valuation in 2014.

13. INVENTORIES

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Inventories	<u>304,477</u>	<u>304,477</u>	<u>304,477</u>	<u>304,477</u>

Inventories in respect of the group and the company comprise of land stock totalling £225,000 (2018 - £225,000) and work-in-progress totalling £79,477 (2018 - £79,477).

14. DEBTORS

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	7,549,734	8,500,926	63,869	23,584
Amounts owed by group undertakings	-	-	1,506	-
Other debtors	78,480	7,893	79,500	7,500
Directors' current accounts	787,438	787,907	787,438	787,907
Corporation tax	376	13,657	376	376
Deferred tax asset	130,044	147,931	68,480	88,609
Prepayments and accrued income	<u>250,345</u>	<u>171,280</u>	<u>2,066</u>	-
	<u>8,796,417</u>	<u>9,629,594</u>	<u>1,003,235</u>	<u>907,976</u>
Amounts falling due after more than one year:				
Trade debtors	<u>1,400,892</u>	<u>1,714,811</u>	-	-
Aggregate amounts	<u>10,197,309</u>	<u>11,344,405</u>	<u>1,003,235</u>	<u>907,976</u>

Deferred tax asset

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Accelerated capital allowances	66,654	70,332	5,090	11,010
Trading losses	17,896	32,105	17,896	32,105
Revaluation timing difference	<u>45,494</u>	<u>45,494</u>	<u>45,494</u>	<u>45,494</u>
	<u>130,044</u>	<u>147,931</u>	<u>68,480</u>	<u>88,609</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Hire purchase contracts (see note 17)	33,023	43,972	-	-
Trade creditors	733,459	664,826	98,823	36,443
Subcontractor creditors	8,735,733	10,016,247	-	-
Amounts owed to group undertakings	-	-	779,789	439,390
Corporation tax	180,155	212,989	14,531	30,676
Other taxes and social security	394,606	346,763	11,659	14,519
VAT	547,445	345,799	11,787	4,316
Other creditors	40,817	31,548	4,546	4,546
Directors' current accounts	500	500	500	500
Accruals and deferred income	704,617	1,501,646	153,437	97,796
	<u>11,370,355</u>	<u>13,164,290</u>	<u>1,075,072</u>	<u>628,186</u>

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

	Group	
	31.12.19	31.12.18
	£	£
Hire purchase contracts (see note 17)	16,924	24,806
Subcontractor creditor	<u>1,404,162</u>	<u>2,100,415</u>
	<u>1,421,086</u>	<u>2,125,221</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.12.19	31.12.18
	£	£
Gross obligations repayable:		
Within one year	36,176	47,492
Between one and five years	<u>18,749</u>	<u>27,439</u>
	<u>54,925</u>	<u>74,931</u>
Finance charges repayable:		
Within one year	3,153	3,520
Between one and five years	<u>1,825</u>	<u>2,633</u>
	<u>4,978</u>	<u>6,153</u>
Net obligations repayable:		
Within one year	33,023	43,972
Between one and five years	<u>16,924</u>	<u>24,806</u>
	<u>49,947</u>	<u>68,778</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31.12.19	31.12.18
	£	£
Hire purchase contracts	<u>49,947</u>	<u>68,778</u>

Hire purchase contract and finance lease liabilities are secured on the assets to which they relate.

19. DEFERRED TAX

Group

	£
Balance at 1 January 2019	(147,931)
Movement in year:-	
Accelerated capital allowances	3,678
Trading losses	<u>14,209</u>
Balance at 31 December 2019	<u>(130,044)</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

19. DEFERRED TAX - continued

Company

	£
Balance at 1 January 2019	(88,609)
Movement in year:-	
Accelerated capital allowances	5,920
Trading losses	<u>14,209</u>
Balance at 31 December 2019	<u>(68,480)</u>

The recovery of the deferred tax asset is dependent on future taxable profits in excess of the deferred capital allowances at the balance sheet date.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
7,850	'A' Ordinary	£1	7,850	7,850
77	'B' Ordinary	£1	<u>77</u>	<u>77</u>
			<u>7,927</u>	<u>7,927</u>

21. RESERVES

Group

	Retained earnings £	Investment revaluation reserve £	Consolidation reserve £	Totals £
At 1 January 2019	6,387,548	(227,470)	474,721	6,634,799
Profit for the year	1,037,969			1,037,969
Dividends	<u>(349,656)</u>			<u>(349,656)</u>
At 31 December 2019	<u>7,075,861</u>	<u>(227,470)</u>	<u>474,721</u>	<u>7,323,112</u>

Company

	Retained earnings £	Investment revaluation reserve £	Totals £
At 1 January 2019	2,337,348	(227,470)	2,109,878
Profit for the year	116,494		116,494
Dividends	<u>(349,656)</u>		<u>(349,656)</u>
At 31 December 2019	<u>2,104,186</u>	<u>(227,470)</u>	<u>1,876,716</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

22. RELATED PARTY DISCLOSURES

As at the year end, the director's loan account within the group for R S Blake, a director of the parent company, was £500 (2018 - £500) in credit to him.

As at the year end, the director's loan account within the group for R A Blake, a director of the parent company, was £589,355 (2018 - £634,535) in debit from him. The group had accrued income due from the R A Blake at the year end totalling £133,037 (2018 - £135,398) for unbilled work. The group invoice R A Blake £30,000 in the current year.

As at the year end, the director's loan account within the group for N R Blake, a director of the parent company, was £198,083 (2018 - £153,372) in debit from him.

As at the year end, the loan account within the group for L Blake, the spouse of the parent company director R S Blake, was £Nil (2018 - £437 credit to her).

During the year, the group made sales to Westover Building Consultants LLP totalling £4,003 (2018 - £10,130). The LLP is a related entity by the virtue of the fact that the directors of the parent company R S Blake, R A Blake and N R Blake are common partners of the LLP. The group also made purchases totalling £205,650 (2018 - £253,605) from the LLP. As at the year end the group was owed £89,106 (2018 - £31,376) from Westover Building Consultants LLP. Additionally, the company had accrued income due from Westover Building Consultants LLP in the previous year totalling £75,000 which was fully invoiced in the current year. An additional £15,000 was invoiced in the current year for recharges of managed office facilities.

The group declared the following dividends to the shareholders (excluding inter-group dividends):-

For 'A' Ordinary Shares:-

- £99,854 to Mr R S Blake
- £24,956 to Mrs L A Blake, spouse of Mr R S Blake
- £62,373 to Mr R A Blake
- £62,373 to Mr N R Blake

For the 'B' Ordinary shares:-

- £11,700 to Mrs L A Blake
- £24,700 to Mr R A Blake
- £24,700 to Mr N R Blake
- £6,500 to each of the following Miss E A Blake, Miss K M Blake, Miss A Blake, Mr M R C Blake, Mr D R Blake and Mr B L Blake. These shareholders are the children of the directors.