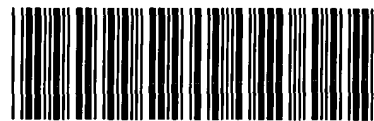


Registered number: 01145372

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

RPG CROUCH CHAPMAN LLP
Chartered Accountants
62 Wilson Street
London
EC2A 2BU

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COMPANIES HOUSE

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

COMPANY INFORMATION

Directors	T A Ferncombe A Ferncombe
Company secretary	A Ferncombe
Registered number	01145372
Registered office	Cappagh House, Waterside Way Wimbledon London SW17 7AB
Independent auditor	RPG Crouch Chapman LLP Chartered Accountants & Statutory Auditor Wilson Street 62 London EC2A 2BU
Bankers	Barclays Bank Plc 7th Floor United Kingdom House 180 Oxford Street London W1D 1EA
Solicitors	Mackrell Turner Garrett 21-25 Church Street West Woking Surrey GU21 6DJ

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

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CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present the strategic report and accounts for the year ended 31 March 2019

Business review

The year ended 31 March 2019 continued to be a good year for the Company, with its trading activities generating turnover of £46m (2018: £44m) and profit before tax reaching £3.6m (2018: £2.9m). The increase in profits before tax is mainly due to an increase in turnover and improved costs control measures. The Company is in a good position to take advantage of the opportunities that may arise in the future.

The Directors are committed to monitoring overheads and to manage the cash and financial resources to their maximum potential, to increase profit and to strengthen the Company's asset base.

The net assets were £19.4m (2018: £16.0m) as at 31 March 2019.

Future prospects

By having a stable, strong management team together with the company's resources, the Company has the ability to deliver continued growth in profitability in the current economic climate. The Directors are confident of the Company's future prospects and look forward to similar trends of activity level and profitability.

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks as disclosed in the Directors Report. Given the size of the Company the directors retained the responsibility of monitoring financial risk management. The directors have set out the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. To the extent that the risk is insurable, the directors are risk averse and widely insured.

Financial key performance indicators

The Company's key performance indicators are disclosed below. These indicators are monitored closely by the directors to ensure optimal business performance.

Turnover and gross profit and key measures of the Company's performance. Sales for the year were £46m (2018: £44m) and gross profit was £10.3m (2018: £9.9m).

Overall profitability is a key indicator of the Company's performance. The profit before tax for the year was £3.6m (2018: £2.9m)

Working capital management is seen as an important target for the business. At the year end, the net current asset level was £12.8m (2018: £9.7m).

Health and safety

The company places great importance in the health and safety of its workforce and operates a programme of training and monitoring for staff and visitors to its site.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

This report was approved by the board on 12 December 2019 and signed on its behalf.



A Ferncombe
Director

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,342,253 (2018 - £2,100,652).

During the year an interim dividend of £4,000. (2018: £10,000) was paid.

Directors

The directors who served during the year were:

T A Ferncombe
A Ferncombe

Future developments

The director does not consider there to be any future developments which require specific disclosure.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 23rd May 2019, the Company has acquired controlling interest in Allen Watson Limited. The subsidiary's activities will improve the companies line of services with the provision of drilling trench services to reinstate surfaces efficiently.

Auditor

The auditor, RPG Crouch Chapman LLP, were appointed during the year and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the annual general meeting, section 485 of the Companies Act 2006.

This report was approved by the board on 12 December 2019 and signed on its behalf.



A Ferncombe
Director

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

Opinion

We have audited the financial statements of Cappagh Contractors Construction (London) Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED (CONTINUED)

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 matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED (CONTINUED)

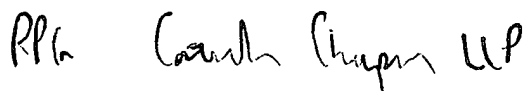
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Randall BA ACA (Senior Statutory Auditor)

for and on behalf of
RPG Crouch Chapman LLP

Chartered Accountants
Statutory Auditor

Wilson Street 62
London
EC2A 2BU

Date:

12 December 2017

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	5	46,185,701	44,117,505
Cost of sales		(35,863,928)	(34,253,909)
Gross profit		<u>10,321,773</u>	<u>9,863,596</u>
Administrative expenses		(6,866,893)	(6,907,324)
Operating profit	6	<u>3,454,880</u>	<u>2,956,272</u>
Interest receivable and similar income	10	216,253	56,007
Interest payable and expenses	11	(70,076)	(90,033)
Profit before tax		<u>3,601,057</u>	<u>2,922,246</u>
Tax on profit	12	(258,804)	(821,594)
Profit for the financial year		<u><u>3,342,253</u></u>	<u><u>2,100,652</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

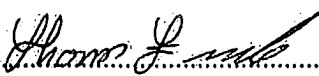
The notes on pages 11 to 25 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	7,926,696	7,750,013
Investments	15	<u>1,500</u>	<u>1,500</u>
		7,928,196	7,751,513
Current assets			
Stocks	16	19,048	19,048
Debtors: amounts falling due within one year	18	21,194,227	15,496,183
Cash at bank and in hand	17	<u>9,948,213</u>	<u>7,176,724</u>
		31,161,488	22,691,955
Creditors: amounts falling due within one year	19	<u>(18,399,702)</u>	<u>(12,945,014)</u>
Net current assets		12,761,786	9,746,941
Total assets less current liabilities		20,689,982	17,498,454
Creditors: amounts falling due after more than one year	20	(798,795)	(974,937)
Provisions for liabilities			
Deferred tax	23	<u>(521,188)</u>	<u>(491,771)</u>
Net assets		<u>19,369,999</u>	<u>16,031,746</u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	<u>19,369,899</u>	<u>16,031,646</u>
		<u>19,369,999</u>	<u>16,031,746</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *12 December 2019*.


T A Ferncombe
Director

The notes on pages 11 to 25 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100	13,940,994	13,941,094
Comprehensive income for the year			
Profit for the year	-	2,100,652	2,100,652
Total comprehensive income for the year	-	2,100,652	2,100,652
Dividends: Equity capital	-	(10,000)	(10,000)
Total transactions with owners	-	(10,000)	(10,000)
At 1 April 2018	100	16,031,646	16,031,746
Comprehensive income for the year			
Profit for the year	-	3,342,253	3,342,253
Total comprehensive income for the year	-	3,342,253	3,342,253
Dividends: Equity capital	-	(4,000)	(4,000)
Total transactions with owners	-	(4,000)	(4,000)
At 31 March 2019	100	19,369,899	19,369,999

The notes on pages 11 to 25 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Cappagh Contractors Construction (London) Limited is private limited company, limited by shares and incorporated in the UK. The registered office is Cappagh House, Waterside Way, Wimbledon, London, SW17 7AB

The Company's principal activity continues to be that of repairing, renovating, maintaining and installing utility pipeline infrastructure and highway services maintenance and repair.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Revenue

Revenue is derived from repairing, renovating, maintaining and installing utility pipeline infrastructure and highway services maintenance and repair.

Rendering of services

Revenue is recognised when the stage of completion can be reliably measured using a percentage of completion method, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured when the service provided is completed.

Sale of goods

Revenue is recognised from sale of goods when the company has transferred the significant risks and rewards of ownership. It is probable that the economic benefit will flow to the entity and the revenue and associated costs can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rents receivable are recognised over the life of the rental lease.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	5% Fully depreciated
Plant and machinery	-	13% Reducing balance method
Motor vehicles	-	25% Reducing balance method
Fixtures and fittings	-	25% Reducing balance method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.14 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.16 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the period no significant judgements were made that would materially impact the financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of assets

Annually, the Company considers whether assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provision for accrued income

Management review the work in progress made and accrue for income not billed at year end. The actual value of the service requires judgement in estimating the timing and value of service delivered and when the risk and rewards are transferred to the buyer.

Bad debt provisions

Bad debt provision for trade debtors are reviewed and provided for where there is uncertainty over recoverability.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. The directors may determine that the useful lives of certain items of equipment need to be revised and adjusted accordingly.

5. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods and services	46,185,701	44,117,505

All turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Other operating lease rentals	357,500	460,324

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,500</u>	<u>12,500</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	19,345,278	22,159,229
Social security costs	404,527	314,695
Cost of defined contribution scheme	<u>136,108</u>	<u>82,045</u>
	<u>19,885,913</u>	<u>22,555,969</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	67	58
Development	<u>103</u>	<u>108</u>
	<u>170</u>	<u>166</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>240,000</u>	<u>160,333</u>

The highest paid director received remuneration of £150,000 (2018 - £NIL).

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>216,253</u>	<u>56,007</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Finance leases and hire purchase contracts	<u>70,076</u>	<u>90,033</u>

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	630,296	856,231
Adjustments in respect of previous periods	(400,909)	-
Deferred tax		
Origination and reversal of timing differences	29,417	(34,637)
Taxation on profit on ordinary activities	<u>258,804</u>	<u>821,594</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	3,601,057	2,922,246
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	684,201	856,231
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	30,681	-
Capital allowances for year in excess of depreciation	(85,501)	-
Other timing differences leading to an increase (decrease) in taxation	915	-
Tax underprovision in prior year	(400,909)	-
Deferred tax movement	29,417	(34,637)
Total tax charge for the year	258,804	821,594

Factors that may affect future tax charges

Reductions to the UK Corporation tax rates were substantially enacted as part of the Finance Bill (No 2) 2015 on 18 November 2015. This reduced the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A further reduction to the UK corporation tax was announced in the March 2016 budget reducing the main rate to 17% from 1 April 2020.

13. Dividends

	2019 £	2018 £
Dividends	4,000	10,000

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2018	86,919	13,757,423	402,477	137,585	14,384,404
Additions	-	1,411,664	-	3,682	1,415,346
Disposals	-	(411,690)	(18,500)	-	(430,190)
At 31 March 2019	86,919	14,757,397	383,977	141,267	15,369,560
Depreciation					
At 1 April 2018	86,918	6,210,597	240,804	96,072	6,634,391
Charge for the year on owned assets	-	1,020,067	40,251	10,603	1,070,921
Disposals	-	(244,615)	(17,833)	-	(262,448)
At 31 March 2019	86,918	6,986,049	263,222	106,675	7,442,864
Net book value					
At 31 March 2019	1	7,771,348	120,755	34,592	7,926,696
At 31 March 2018	1	7,546,826	161,673	41,513	7,750,013

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	1	1
	<u>1</u>	<u>1</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	4,747,678	5,015,188
Motor vehicles	51,274	68,365
	<u>4,798,952</u>	<u>5,083,553</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. Fixed asset investments

	Investment in joint ventures £
Cost or valuation	
At 1 April 2018	1,500
At 31 March 2019	<u>1,500</u>

16. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	<u>19,048</u>	<u>19,048</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>9,948,213</u>	<u>7,176,724</u>

18. Debtors

	2019 £	2018 £
Trade debtors	600,482	67,443
Amounts owed by joint ventures	3,700,000	4,625,000
Other debtors	9,903,886	3,509,161
Prepayments and accrued income	6,989,859	7,294,579
	<u>21,194,227</u>	<u>15,496,183</u>

Trade debtors are stated after provisions for impairment of £94,051 (2018: £64,060).

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	4,375,260	4,442,297
Corporation tax	630,296	706,231
Other taxation and social security	754,121	1,355,992
Obligations under finance lease and hire purchase contracts	1,251,179	1,398,068
Other creditors	9,529,219	2,156,886
Accruals and deferred income	1,859,627	2,885,540
	<u>18,399,702</u>	<u>12,945,014</u>

Amount payable under Obligations under finance lease and hire purchase contracts are secured over the assets acquired.

20. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	<u>798,795</u>	<u>974,937</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	430,303	1,398,068
Between 1-5 years	1,619,671	974,937
Less finance cost	(70,076)	(90,033)
	<u>1,979,898</u>	<u>2,282,972</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	9,948,213	7,176,724
Financial assets measured at amortised cost	20,575,915	14,982,976
	<u>30,524,128</u>	<u>22,159,700</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(15,802,145)	(9,477,863)

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets measured at amortised cost comprise trade and other debtors (except for prepayments)

Financial liabilities measured at amortised cost comprise trade and other creditors (except for corporation tax, social security and taxes and accruals).

23. Deferred taxation

	2019 £
At beginning of year	(491,771)
Charged to profit or loss	(29,417)
At end of year	<u>(521,188)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>(521,188)</u>	<u>(491,771)</u>

24. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £136,108. (2018 - £82,045) . Contributions totalling £17,436 (2018 - £12,619) were payable to the fund at the reporting date and are included in creditors.

27. Related party transactions

During the year, Cappagh Public Works Limited (a company with a common director and close family ownership) charged the company £8,480,772 (2018 £3,612,462) for plant running and rental expenses. The company charged Cappagh Public works Limited £341,619 (2018: £394,999) for insurance costs. At the balance sheet date, the company owed Cappagh Public Works Limited £9,882,520 (2018: £4,115,995).

During the year, Cappagh Properties Limited (a company with a common director and close family ownership) charged the company £225,000 for property rental. At the balance sheet date, the company owed Cappagh Properties Limited £225,000.

The company advanced an additional loan of £1,218,899 to TM Property Holdings Limited (a company with a common director and close family ownership) and was owed £4,312,135 (2018: £3,093,236) at the year end.

During the year the company advanced an additional loan of £5,170,001 to Devon and Cornwall Railways Limited (a company with a common director and close family ownership) and was owed £5,580,001 (2018: £410,000) at the year end. Also, the company provided and received services amounting to £81,022 and £119,539 respectively and the amount owed by Devon and Cornwall Railways Limited at the year end was £62,844 (2018: £331 owed to Devon and Cornwall Railways Limited).

During the year, the company made sales to Express Concrete Limited (a company with a common director and close family control) amounting to £68,296 and was charged £108. At the balance sheet date, the company was owed £66,501 (2018: £1,006 owed to Express Concrete Limited).

28. Post balance sheet events

In April 2019 the client acquired additional assets totalling £400,588 under a 3 year finance lease.

29. Controlling party

There is no controlling party in the Company.