

ECL CIVIL ENGINEERING LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

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FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

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ECL CIVIL ENGINEERING LIMITED

COMPANY INFORMATION

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

DIRECTORS:

S A Hoare
S J Tysoe
B J Wright
D Fil

SECRETARY:

Mrs M Hoare

REGISTERED OFFICE:

4 Bank Court
Weldon Road
Loughborough
Leicestershire
LE11 5RF

REGISTERED NUMBER:

03026268 (England and Wales)

AUDITORS:

Essex Abel Ltd (Statutory Auditors)
4 Bank Court
Weldon Road
Loughborough
Leicestershire
LE11 5RF

STRATEGIC REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

The directors present their strategic report for the period 1 July 2022 to 31 July 2023.

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the period and its position at the period-end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties it faces.

REVIEW OF BUSINESS

The company specialises in the provision of infrastructure and groundworks services and has a client base of major house builders, developers and consortiums. Our head office is based in Kempston, Bedfordshire and we operate primarily in the South Midlands and Home Counties regions.

Results and performance

The results of the company for the period, as set out on pages 12 to 28, show an EBITDA of £5.1m (2022 - £3.5m). The shareholders' funds of the company have grown to a total of £11.6m (2022 - £10.6m), as the directors have retained profit to fund the working capital required to support the business during the current economic climate.

The results reflect the company's 2022 strategic plan to reduce the number of contracts undertaken at any one time, with the continued focus during the period being the completion of older contracts (and less profitable contracts, due to the inflationary supply chain issues that have arisen since the contracts inception), whilst only taking on new sustainable contracts that share the supply chain risks with the customer. As a result of this decision, the total number of contracts in place have reduced from 78 (as at 30 June 2021) to 62 (as at 31 July 2023), as the streamlining of the business has taken affect.

The resultant costs arising from these decisions taken together with challenging supply chain issues which continued throughout the period continued to have a material impact on the company's reported results for the period. However, the company still managed to achieve an increase in its gross profit margin of 1.8% (8.2% in FY 2023 compared to 6.4% in FY 2022), as the results of its strategic plans start to take effect. As highlighted, this was adversely affected by the older contracts coming to an end and the directors expect this margin to improve further in FY 2024 as more of the older contracts are completed and the benefits of the strategic plan are realised.

The directors continue to work with our customers to deliver the services they require in a sustainable manner during this period of economic uncertainty. The company has made further significant investments in plant during the period to ensure that the business can deliver its services in an efficient manner and continue to deliver a high level of service to its customers and be able to secure future sustainable and profitable contracts.

The directors are satisfied with the current periods trading results, considering the above and are confident that these actions considering the short to medium market conditions will allow them to continue to develop the business in a sustainable manner.

STRATEGIC REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

BUSINESS ENVIRONMENT

Due to the strategic decision to reduce the number of contracts in operation, the company's turnover reduced; however, we continue to have a number of tenders and opportunities ahead of us which will allow us to develop the business in a sustainable and profitability manner in the medium term in line with our strategic plan, subject to the future economic climate.

The company is committed to the achievement of quality in the projects undertaken and complies with the requirements of ISO9001 - quality management systems. We ensure that we recognise our environmental responsibilities to enable us to understand, as well as manage the actual and potential environmental impact of our activities. Our operations are conducted to ensure we comply with the legal requirements relating to the environment in which we carry out our business. As part of this obligation, we comply with the requirements of ISO14001 - environmental management for which we have received accreditation.

The company continues to invest in its health and safety standards and performance across all its sites. Health and safety remains at the forefront of our planning and culture in order to manage the risks associated with operating within the construction industry, whilst further improving the company's procedures and processes. The company recognises the importance of specific and effective training for its employees to ensure compliance with the legal requirements and accreditations held by the company. The company is accredited under OHSAS18001 - occupational health & safety accreditation.

As for many businesses of our size, the business environment in which we operate continues to be challenging, but we believe the company is well placed to deliver its performance objectives in these economic times.

SECTION 172(1) STATEMENT

This S172 statement, explains how the directors have:

- " Engaged with employees, customers, and others; and
- " had regard to employees' interests, the need to foster the company's relationship with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial period.

The S172 statement focuses on matters of strategic importance to the company and the level of information disclosed is consistent with the size and complexity of the business.

When making decisions, each director ensures that he acts in a way he considers, in good faith, would most likely promote the Company's success for the benefit of its members, and in doing so have regards (among other matters) to the section 172 matters.

The likely consequence of any decision in the long term

Key decisions and matters that are of strategic importance are always discussed openly between the board members and key advisors.

As part of making these decisions the board considers the potential impact they will have in the short and long term on all parties that have an interest in the company. Whether it be employees, customers, suppliers or the community and environment.

The long term aims of the company, in addition to increasing the shareholder value, is to provide secure employment opportunities within the local area in which it operates. During these challenging economic times, ensuring that people have secure and stable employment is more important than ever.

Engagement with employees:

The directors recognise that the employees are fundamental to the success of the company and their mission is to develop the next generation of construction professionals and skilled workforce. They have worked hard to establish a company culture that puts people first and recognise that recruiting and retaining motivated staff is key to the company's long-term development. The directors help all employees reach their full potential through training and development opportunities.

STRATEGIC REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

The directors are always committed to providing a safe, secure, and inclusive working environment. The directors want all their staff to feel safe whether they are office or site based and employees are encouraged to provide feedback and speak their minds so that the company can continually develop and improve. This involved regular discussions with the employees to ensure that this environment could be maintained.

Engagement with our customers:

Our leading groundworks and civil engineering services help our clients plan, build, and develop their portfolio, safer and quicker than ever before. We are committed to building and maintaining a reputation for excellence and are proud to be known for providing the best in safety, expertise, service, and quality.

To ensure that we maintain our excellent reputation the projects are closely managed, engaging with the customer from start to finish to ensure that their requirements and deadlines are adhered to.

Engagement with suppliers:

We seek to ensure that we engage with all our suppliers and value the long term relationships that have been built over the years.

The directors understand that many businesses have encountered financial difficulties during this period of economic uncertainty so the director's ensured suppliers were paid in a timely manner and local suppliers were used where possible, to minimise any financial impact on its suppliers and local community.

The impact on the community and its environment:

We believe that every company has a responsibility to its customers, its people, and the planet. We have established policies and procedures in place to ensure that our business and the civil engineering services we provide make a positive impact.

We also understand that supporting communities means more than just charity and community work. Therefore, we actively employ workers, apprentices, and graduates from local areas, giving our local workforce the chances, they deserve.

We regularly work with our charity partners, carrying out fundraising activities and donating our time and resources to help deserving organisations.

We have taken steps to ensure that we carry out business in an environmentally friendly and sustainable manner, as evidenced by our ISO 14001 accreditation.

Reputation for high standards:

At ECL we are always striving for more. Through our dedication and continual improvement, we can consistently demonstrate best practice, and as a result have gained a range of industry accreditations.

The need to act fairly between members:

The shareholders in the company are also the main directors and so the decisions made by the directors are always fair between the members of the company.

STRATEGIC REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk management is applied through a combination of policies, procedures, and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company. The directors are responsible for ensuring that effective internal controls exist to manage the risks and that these controls operate effectively for the benefit of the business and its stakeholders.

The directors endeavour to identify the risks that the company faces on a day-to-day basis. This is to ensure we have the financial strength and operational capacity to support the business and mitigate these risks wherever possible.

The company is subject to the inherent uncertainty surrounding the continued demand for new housing developments in the UK with the economic climate, government policy and the housing market, being the key factors in whether any growth achieved is sustainable in the long term. The effects of the impact from the pandemic and current inflationary economics continue to be an uncertainty in the market and on the supply chain.

The director's have continuously worked to build a robust and flexible business by attracting and retaining the high-quality staff and clients to help us achieve this. In doing so we are in a strong financial position to deal with situations as they arise and those which we expect to face in the future.

The principal risks from our business are as follows:

Tender pricing: The work which the company tenders for involves a high degree of complexity, particularly on the larger tenders. Tender assumptions could be inaccurate, or the risks associated with the tender may not be fully considered. If risks are not given due consideration, contract losses and potential reputational damage are likely to arise.

If risks are over-priced, future contract offerings will suffer.

The company's appetite for long-term and competitively tendered construction contracts is limited. This is influenced by the desire to maintain the quality of work being undertaken and to manage the price risk within the supply chain. Tenders for contracts are subject to approval by the directors.

Completion of contracts: The company carries out a number of contracts annually and the risks to which the company is exposed are dependent on the nature of the work undertaken and the length of the contract. If such risks are not managed properly the company may suffer contract losses, delays, and potential reputational damage.

Current contracts in progress are controlled and managed through the company's operating structure and procedures, this includes regular reviews of the forecast revenue and costs to completion between the managing surveyors and the directors.

Competitor risk: The company operates in a highly competitive market balancing both customer requirements and market pressures. The directors review and monitor these factors to ensure the company's competitiveness is maintained.

Liquidity risk and going concern: The company is exposed to liquidity risk as sufficient funds are required to support trading and financing activities. The company regularly monitors its liquidity position to ensure that sufficient funds are available to meet both current and future requirements.

Economic risk: The company's trading is broadly linked to the recovery and performance of the UK economy and therefore, is exposed to the economic climate. To mitigate such a risk, management regularly reviews the market to assess the potential impact on the business operations and the business remains ready to respond to significant downturns in the housing market.

The company's reserves position removes some elements of the financial risks any business faces. With business risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

STRATEGIC REPORT

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

KEY PERFORMANCE INDICATORS

A summary of our key financial performance indicators monitored within the business are as follows:

	2023	2022
EBITDA	£5.1m	£3.5m
EBITDA %	4.7%	2.7%
Gross Profit Margin	8.2%	6.4%

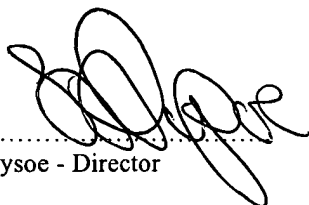
As detailed above whilst the company's profitability has improved significantly it has continued to be affected by the strategic decision to reduce the number of contracts in operation and the continued supply chain issues during the period.

GOING CONCERN

The company has considerable financial resources together with long established relationships with customers and suppliers. Consequently, the directors believe that the company is well placed to manage its business risks successfully despite the economic uncertainty.

The company's forecasts and projections show that the company has adequate reserves and cash to continue in business for the foreseeable future, despite the uncertain economic outlook. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

ON BEHALF OF THE BOARD:



.....
S J Tysoe - Director

1 November 2023

REPORT OF THE DIRECTORS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

The directors present their report with the financial statements of the company for the period 1 July 2022 to 31 July 2023.

DIVIDENDS

An interim dividend of £2369.67 per share was paid on the Ordinary £1 shares on 19 August 2022. No dividends were paid on any other classes of shares.

The total distribution of dividends for the period ended 31 July 2023 will be £500,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

S A Hoare
S J Tysoe
B J Wright

Other changes in directors holding office are as follows:

D Fil was appointed as a director after 31 July 2023 but prior to the date of this report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

A detailed report on the engagement with suppliers, customers and others has been completed as part of the S172 statement in the strategic report on pages 2-6 in accordance with section 414C(11) CA 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'S A Hoare', is written over a horizontal dotted line.

S A Hoare - Director

1 November 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ECL CIVIL ENGINEERING LIMITED

Opinion

We have audited the financial statements of ECL Civil Engineering Limited (the 'company') for the period ended 31 July 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 and of its profit for the period 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the 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 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 Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the 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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or noncompliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

We obtained an understanding of the internal controls which are used by the entity in order to prevent such fraud or errors from occurring and design audit test and procedures in order to test the appropriateness and effectiveness of such internal controls.

We have performed substantive testing in order to assess the appropriateness of the internal controls and whether the controls are being followed and as such to what extent the risk of fraud or error is being mitigated through these controls.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ECL CIVIL ENGINEERING LIMITED

We obtained an understanding on the subjective judgements made by management, such as accounting estimates where there is a potential for personal bias to affect the judgements which have been made. We have also obtained an understanding of the accounting policies which have been used by management.

We held discussions with management to find the rationale behind any judgemental area such as accounting estimates and assessed the appropriateness of accounting policies used, using our professional judgement.

We identified the laws and regulations applicable to the company through discussions with the directors and other management. These were communicated throughout the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the extent of compliance with the laws and regulations identified through making enquiries of management and those charged with governance.

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

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.



Mr Jason Mark Oram FCCA (Senior Statutory Auditor)
for and on behalf of Essex Abel Ltd (Statutory Auditors)
4 Bank Court
Weldon Road
Loughborough
Leicestershire
LE11 5RF

Date: 2-11-2023

STATEMENT OF COMPREHENSIVE**INCOME****FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023**

	Notes	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
TURNOVER	4	109,157	129,047
Cost of sales		<u>100,205</u>	<u>120,770</u>
GROSS PROFIT		8,952	8,277
Administrative expenses		<u>6,804</u>	<u>6,616</u>
		2,148	1,661
Other operating income		<u>-</u>	<u>9</u>
OPERATING PROFIT	6	2,148	1,670
Interest payable and similar expenses	8	<u>621</u>	<u>227</u>
PROFIT BEFORE TAXATION		1,527	1,443
Tax on profit	9	<u>3</u>	<u>(960)</u>
PROFIT FOR THE FINANCIAL PERIOD		1,524	2,403
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,524</u>	<u>2,403</u>

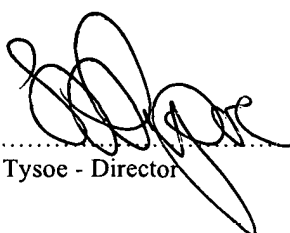
The notes on pages 15 to 28 form part of these financial statements

BALANCE SHEET

31 JULY 2023

	Notes	2023 £'000	£'000	2022 £'000	£'000
FIXED ASSETS					
Tangible assets	11		12,291		9,199
CURRENT ASSETS					
Stocks	12	1,049		1,072	
Debtors	13	20,832		32,511	
Cash at bank		<u>3,394</u>		<u>3,109</u>	
		25,275		36,692	
CREDITORS					
Amounts falling due within one year	14	<u>21,395</u>		<u>31,155</u>	
NET CURRENT ASSETS			<u>3,880</u>		<u>5,537</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,171		14,736
CREDITORS					
Amounts falling due after more than one year	15		(4,458)		(4,050)
PROVISIONS FOR LIABILITIES	18		<u>(73)</u>		<u>(70)</u>
NET ASSETS			<u>11,640</u>		<u>10,616</u>
CAPITAL AND RESERVES					
Called up share capital	19		-		-
Retained earnings			<u>11,640</u>		<u>10,616</u>
SHAREHOLDERS' FUNDS			<u>11,640</u>		<u>10,616</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 1 November 2023 and were signed on its behalf by:



 S J Tysoe - Director

The notes on pages 15 to 28 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021	-	8,213	8,213
Changes in equity			
Total comprehensive income	-	2,403	2,403
Balance at 30 June 2022	-	10,616	10,616
Changes in equity			
Dividends	-	(500)	(500)
Total comprehensive income	-	1,524	1,524
Balance at 31 July 2023	-	11,640	11,640

The notes on pages 15 to 28 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

1. STATUTORY INFORMATION

ECL Civil Engineering Limited is a private limited company incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information section and its principal place of business is at Vanquish House, Wolseley Road, Woburn Road Industrial Estate, Kempston, Bedfordshire.

The financial statements are presented in Sterling (£) and rounded to the nearest thousand.

The Company's principal activities are set out in the strategic report.

As part of a strategic review the length of the accounting period has been extended to 13 months, meaning that the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirement of paragraph 33.7.

Significant judgements and estimates

In the application of the Company's accounting policies, which are described in the accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

3. ACCOUNTING POLICIES

(a) Revenue and profit recognition

The estimation techniques used for revenue and profit recognition in respect of construction contracts and services contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

The key judgements and estimates in determining the recognition of construction contracts are:

- o An estimation of costs to completion.
- o An estimation of the remaining revenues.

These assessments include a degree of uncertainty and; therefore, if the key judgements and estimates change unfavourably, then write downs of construction contracts may be necessary.

b) Recoverable value of recognised receivables

The recoverability of trade and other receivables is regularly reviewed in the light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable.

Revenue and profit recognition

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

Variations arising from construction contracts are included, where they have been agreed with the client.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

The principal estimation technique used by the company in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final out-turn of each contract. Consistent contract review procedures are in place in respect of contract forecasting.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. Contract costs are recognised as expenses in the period in which they are incurred.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts within trade and other debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts within trade and other creditors.

Services

Revenue and profit from services rendered is recognised as and when the service is provided.

Where revenue that has been recognised is found not to be recoverable due to a dispute with the client, these amounts are charged against the revenue recognised. Where non-recovery is as a result of inability of a client to meet its obligations, these amounts are charged to administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

3. ACCOUNTING POLICIES

Tangible fixed assets

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 reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Cost for raw materials and consumables are at the purchase cost to the company.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

Taxation

Taxation for the period 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.

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 period 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

3. ACCOUNTING POLICIES

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 profit or loss in the period to which they relate.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price and; thereafter, stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of debtors. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the profit & loss in operating expenses.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and; thereafter, stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings or current liabilities when applicable.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Financial instruments

The company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to or from related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

3. ACCOUNTING POLICIES

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

4. TURNOVER

All the company's turnover and profits before taxation are attributable to its principal activity of civil engineering services, and its turnover is all from the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

5. EMPLOYEES AND DIRECTORS

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Wages and salaries	5,723	5,354
Social security costs	660	600
Other pension costs	<u>436</u>	<u>236</u>
	<u>6,819</u>	<u>6,190</u>

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

	Period 1/7/22 to 31/7/23	Year Ended 30/6/22
Directors	3	3
Site and construction personnel	16	15
Office and administration	<u>79</u>	<u>84</u>
	<u>98</u>	<u>102</u>

	Period 1/7/22 to 31/7/23 £	Year Ended 30/6/22 £
Directors' remuneration	189,859	340,648
Directors' pension contributions to money purchase schemes	<u>68,787</u>	<u>6,182</u>

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

Money purchase schemes	<u>2</u>	<u>1</u>
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

6. OPERATING PROFIT

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

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Depreciation - owned assets	183	187
Depreciation - assets on hire purchase contracts	2,794	1,655
Profit on disposal of fixed assets	<u>(19)</u>	<u>-</u>

7. AUDITORS' REMUNERATION

Fees payable to the company's auditors are:

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Audit of the company's financial statements	36	35
Tax compliance	6	3
Other services	<u>97</u>	<u>67</u>
	<u>139</u>	<u>105</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
PAYE interest	-	2
Directors' loan interest	(31)	31
Hire purchase	<u>652</u>	<u>194</u>
	<u>621</u>	<u>227</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the period was as follows:

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Current tax:		
Prior year	-	(489)
Deferred tax:		
Origination and reversal of timing differences	3	(471)
Tax on profit	<u>3</u>	<u>(960)</u>

UK corporation tax has been charged at 20.85% (2022 - 19%).

Reconciliation of total tax charge/(credit) included in profit and loss

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

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Profit before tax	<u>1,527</u>	<u>1,443</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.850% (2022 - 19%)	318	274
Effects of:		
Expenses not deductible for tax purposes	68	45
Capital allowances in excess of depreciation	-	(390)
Utilisation of tax losses	-	(5)
R&D credit in respect of the current period	-	(395)
Change in tax rate	(175)	-
R&D credit in respect of previous periods	<u>(208)</u>	<u>(489)</u>
Total tax charge/(credit)	<u>3</u>	<u>(960)</u>

The main rate of corporation tax is set to remain at 25%.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023****10. DIVIDENDS**

	Period 1/7/22 to 31/7/23 £'000	Year Ended 30/6/22 £'000
Ordinary shares of £1 each		
Interim	<u>500</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 July 2022	11,506	169	574	369	12,618
Additions	5,790	-	494	-	6,284
Disposals	<u>(274)</u>	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>(374)</u>
At 31 July 2023	<u>17,022</u>	<u>169</u>	<u>1,068</u>	<u>269</u>	<u>18,528</u>
DEPRECIATION					
At 1 July 2022	2,861	109	209	240	3,419
Charge for period	2,674	13	201	89	2,977
Eliminated on disposal	<u>(58)</u>	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(159)</u>
At 31 July 2023	<u>5,477</u>	<u>122</u>	<u>410</u>	<u>228</u>	<u>6,237</u>
NET BOOK VALUE					
At 31 July 2023	<u>11,545</u>	<u>47</u>	<u>658</u>	<u>41</u>	<u>12,291</u>
At 30 June 2022	<u>8,645</u>	<u>60</u>	<u>365</u>	<u>129</u>	<u>9,199</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023****11. TANGIBLE FIXED ASSETS - continued**

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

	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 July 2022	10,109	405	10,514
Additions	5,649	494	6,143
Disposals	(40)	-	(40)
Transfer to ownership	(234)	-	(234)
At 31 July 2023	<u>15,484</u>	<u>899</u>	<u>16,383</u>
DEPRECIATION			
At 1 July 2022	1,710	83	1,793
Charge for period	2,605	189	2,794
Eliminated on disposal	(3)	-	(3)
Transfer to ownership	(55)	-	(55)
At 31 July 2023	<u>4,257</u>	<u>272</u>	<u>4,529</u>
NET BOOK VALUE			
At 31 July 2023	<u>11,227</u>	<u>627</u>	<u>11,854</u>
At 30 June 2022	<u>8,399</u>	<u>322</u>	<u>8,721</u>

12. STOCKS

	2023 £'000	2022 £'000
Raw materials	<u>1,049</u>	<u>1,072</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	362	120
Amounts owed by group undertakings	4,338	5,784
Amounts recoverable on contract	14,850	24,344
Other debtors	85	29
Tax	70	554
VAT	1,120	1,578
Prepayments	<u>7</u>	<u>102</u>
	<u>20,832</u>	<u>32,511</u>

Debtors considered recoverable in more than one year are shown within amounts recoverable on contracts for £558,878 (2022 - £96,895).

NOTES TO THE FINANCIAL STATEMENTS**FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£'000	£'000
Hire purchase contracts (see note 16)	4,412	3,146
Payments on account	636	1,188
Trade creditors	15,338	19,766
Amounts owed to group undertakings	-	5,939
Social security and other taxes	199	224
Other creditors	546	551
Directors' current accounts	131	49
Accrued expenses	133	292
	<u>21,395</u>	<u>31,155</u>

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

	2023	2022
	£'000	£'000
Hire purchase contracts (see note 16)	<u>4,458</u>	<u>4,050</u>

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2023	2022
	£'000	£'000
Net obligations repayable:		
Within one year	4,412	3,146
Between one and five years	<u>4,458</u>	<u>4,050</u>
	<u>8,870</u>	<u>7,196</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£'000	£'000
Hire purchase contracts	<u>8,870</u>	<u>7,196</u>

The hire purchase creditors are secured on the assets to which they relate.

18. PROVISIONS FOR LIABILITIES

	2023	2022
	£'000	£'000
Deferred tax	<u>73</u>	<u>70</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

18. PROVISIONS FOR LIABILITIES

	Deferred tax £'000
Balance at 1 July 2022	70
Accelerated capital allowances	791
Pension creditor	(1)
Unused tax losses	(809)
Change in tax rate	<u>22</u>
Balance at 31 July 2023	<u>73</u>

Deferred tax is provided at the future effective tax rate of 25% (2022 - 19%) based on the rates substantively enacted at the balance sheet date, the expected timing of the reversals and the profitability of the company.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
211	Ordinary	£1	<u>211</u>	<u>211</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Called-up share capital represents the nominal value of shares that have been issued.

20. PENSION COMMITMENTS

The company does not operate a defined benefit pension scheme but a defined contribution pension scheme. The company makes contributions to its pension scheme for employees of the company, including directors. The pension cost charge for the period represents contributions payable by the company to the company pension scheme and amounted to £436,326 (2022 - £236,172). Included in other creditors are amounts outstanding of £28,298 (2022 - £26,932).

21. PARENT UNDERTAKING AND CONTROLLING PARTY

The largest and smallest group in which, the results of the company are consolidated is that headed by the parent company, Esendee Holdings Limited.

The parent company is incorporated in England & Wales and accounts are available on request from the parent company's registered office at 4 Bank Court, Weldon Road, Loughborough, Leicestershire, LE11 5RF. The parent company's principle place of business is Vanquish House, Wolseley Road, Woburn Road Industrial Estate, Kempston, Bedfordshire, MK42 7EF.

The consolidated financial statements of Esendee Holdings Limited are available to the public and may be obtained from the Registrar of Companies in England & Wales.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

22. OTHER FINANCIAL COMMITMENTS

There are unlimited multilateral guarantees given by the company, fellow subsidiaries and the parent company for the year, in favour of National Westminster Bank Plc. The total amount secured as at 31 July 2023, excluding this company was £1,810,044 (2022 - £5,632,495).

There is a fixed and floating charge over all of the assets of the company in favour of National Westminster Bank.

There is a limited guarantee given by the company for the year in favour of Barclays Bank plc, the total amount secured as at 31 July 2023 was £1,540,487 (2022 - £1,668,839).

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the period ended 31 July 2023 and the year ended 30 June 2022:

	2023 £'000	2022 £'000
B J Wright		
Balance outstanding at start of period	-	100
Amounts repaid	-	(100)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>-</u>	<u>-</u>

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Key management personnel of the entity or its parent (in the aggregate)

	2023 £'000	2022 £'000
Amount due to related party	<u>131</u>	<u>49</u>

The loans are unsecured and repayable on demand. During the period loan interest of £31,492 relating to 2022 was waived by the directors.

Key management personnel compensation is considered to be the same as reported under directors' remuneration disclosed in note 5.

Other related parties

	2023 £'000	2022 £'000
Services received	100	-
Services provided	273	-
Amount due from related party	273	-
Amount due to related party	<u>100</u>	<u>-</u>

During the year the company provided and received services to and from companies which are owned by directors of the group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2022 TO 31 JULY 2023

25. ULTIMATE CONTROLLING PARTY

The ultimate parent company, Esendee Holdings Limited, is under joint control of Mr S A Hoare and Mr S J Tysoe.