

SCANNED

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REGISTERED NUMBER: 03026268 (England and Wales)

ECL CIVIL ENGINEERING LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



Essex Abel
accountants • business advisors

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FOR THE YEAR ENDED 30 JUNE 2021

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ECL CIVIL ENGINEERING LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS:

S A Hoare
S J Tysoe
B J Wright

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 YEAR ENDED 30 JUNE 2021

The directors present their strategic report for the year ended 30 June 2021.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

REVIEW OF BUSINESS

The company specialises in the provision of groundworks services for housing developments and has a client base of major house builders and developers. 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 year, as set out on pages 11 to 26, show a profit on ordinary activities before tax of £5.3 million (2020 - £8.1 million). The shareholders' funds of the company have grown to a total of £8.2 million (2020 - £7.0 million), as we have retained profit to fund the increase in the working capital required to support the business during the current pandemic.

The results reflect the company's strong underlying trading activities and the increased activity levels within the civil engineering industry and the residential house building market. The company and industry continued to be affected by the Covid-19 pandemic. The effect of the pandemic was not as severe as the previous year, with all sites managing to remain open and sales recovering and exceeding pre-pandemic levels.

We have continued to work with our customers in order to deliver the services they require during this period of high levels of property development within the UK and the effects of the pandemic. The company has continued to invest in its infrastructure and management systems during the year in order to ensure that the company continues to deliver a high level of service to its customers and is in a position to secure future contracts.

We are satisfied with the current years trading results, taking into account the effects of the pandemic and we are also confident that based on the forecast short to medium market conditions that this will continue for the foreseeable future, as we continually aim to develop and grow the business further.

Business environment

Despite the global pandemic continuing to effect the construction industry in the UK, the company has had an increase in turnover of 22.8%, as operations recovered from the sites closures in the prior year. The company has continued to remain profitable throughout the pandemic and remains in a strong position going forward, as the national recovery from the pandemic continues, the growth in turnover and the profitability of the company is expected to continue.

We continue to have a number of contract leads and opportunities ahead of us which should allow for modest growth in turnover, subject to any further restrictions that may be put in place to combat the pandemic.

The company's performance demonstrates that the company's market presence continues to grow and the recognition for the quality of our work is helping us to achieve this. This perception will play a key role in securing the new tenders for contracts, as more customers become increasingly aware of our expertise and ability to deliver the high level of work required and within the agreed scope and timescales set.

As are all construction businesses, we are experiencing pressure on our gross margin, due to the effect of the pandemic, which has impacted on our net profit percentage for the year. This is an area that is under constant focus in order to control and manage these effects, whilst maintaining the quality of our service offering.

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.

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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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 year.

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 as a whole, 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 times while we all learn to live with the pandemic, 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 YEAR ENDED 30 JUNE 2021

The directors are always committed to providing a safe, secure and inclusive working environment, which has had to be enhanced even more than normal due to the Covid-19 pandemic. 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 despite the current pandemic.

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. During the pandemic, communication has been key with plans having to be discussed and revised on an ongoing basis.

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 due to the pandemic so the directors 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. This is why 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 are able to 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 YEAR ENDED 30 JUNE 2021

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 to ensure they are able to continue trading. 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.

We 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 growth of the business and mitigate these risks wherever possible.

The company is still subject to inherent uncertainty surrounding the continued demand for new housing developments in the UK with 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 BREXIT continue to be an uncertainty in the market.

We 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 which have arisen during the year 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 to enable the risks associated with the contracts to be managed. 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 recessionary risk when economies contract. To mitigate such a risk, management regularly reviews the market to assess the potential impact on the business operations.

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 YEAR ENDED 30 JUNE 2021

KEY PERFORMANCE INDICATORS

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

	2021	2020
Turnover		
growth/(decline)	22.8%	(15.2%)
Gross profit percentage on turnover	5.4%	8.8%
Administrative expenses percentage on turnover	1.6%	1.7%

As detailed above the company's turnover has recovered from the effects of the pandemic, however the gross margin has been adversely affected with an increase in direct costs, due to rising costs across the construction industry.

GOING CONCERN

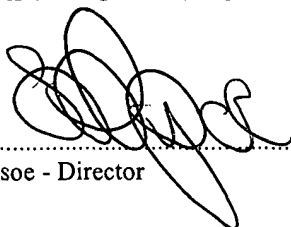
During the previous financial year, the world's economy was significantly affected by the outbreak of the Coronavirus. The effect of the pandemic has continued into 2021 with the economic conditions still remaining uncertain.

Although the initial lockdown closed some sites for a period of time during the previous financial year, the restrictions eased and the company was able to continue trading, with 2021 showing an increase in turnover compared to 2020.

The company is currently trading at level in excess of the previous year and the company has considerable financial resources together with long established relationship with customers and suppliers across different geographical areas of the UK and Ireland. As a consequence, 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, taking into account the possible effect to the business, 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

20 October 2021

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

DIVIDENDS

An interim dividend of £2085.308 per share was paid on the Ordinary £1 shares on 19 May 2021. No dividends were paid on any other classes of shares.

The total distribution of dividends for the year ended 30 June 2021 will be £4,400,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

S A Hoare

S J Tysoe

B J Wright

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 3-4 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:

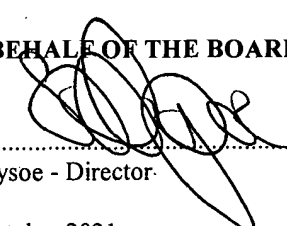
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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:


.....
S J Tysoe - Director

20 October 2021

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 year ended 30 June 2021 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 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

We obtained an understanding on the subjective matters 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ECL CIVIL ENGINEERING LIMITED

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.

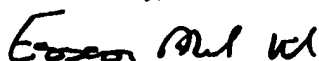
We assessed the extent of compliance with the laws and regulations identified through making enquiries of management and those charged with governance.

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 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: 21-10-2001

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

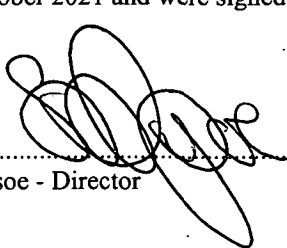
	Notes	2021 £'000	2020 £'000
TURNOVER		140,422	114,323
Cost of sales		<u>132,800</u>	<u>104,219</u>
GROSS PROFIT		7,622	10,104
Administrative expenses		<u>2,289</u>	<u>1,984</u>
		5,333	8,120
Other operating income		<u>8</u>	<u>1</u>
OPERATING PROFIT	5	5,341	8,121
Interest payable and similar expenses	7	<u>51</u>	<u>33</u>
PROFIT BEFORE TAXATION		5,290	8,088
Tax on profit	8	<u>(313)</u>	<u>1,565</u>
PROFIT FOR THE FINANCIAL YEAR		5,603	6,523
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>5,603</u></u>	<u><u>6,523</u></u>

The notes on pages 14 to 26 form part of these financial statements

BALANCE SHEET**30 JUNE 2021**

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	10	3,718	400
CURRENT ASSETS			
Stocks	11	1,092	991
Debtors	12	35,877	17,146
Cash at bank		<u>1,060</u>	<u>1,240</u>
		38,029	19,377
CREDITORS			
Amounts falling due within one year	13	<u>31,118</u>	<u>12,767</u>
NET CURRENT ASSETS		<u>6,911</u>	<u>6,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,629	7,010
CREDITORS			
Amounts falling due after more than one year	14	(1,875)	-
PROVISIONS FOR LIABILITIES	18	<u>(541)</u>	<u>-</u>
NET ASSETS		<u>8,213</u>	<u>7,010</u>
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Retained earnings	20	<u>8,213</u>	<u>7,010</u>
SHAREHOLDERS' FUNDS		<u>8,213</u>	<u>7,010</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 20 October 2021 and were signed on its behalf by:



.....
S J Tysoe - Director

The notes on pages 14 to 26 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2019	-	6,687	6,687
Changes in equity			
Dividends	-	(6,200)	(6,200)
Total comprehensive income	-	6,523	6,523
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2020	-	7,010	7,010
Changes in equity			
Dividends	-	(4,400)	(4,400)
Total comprehensive income	-	5,603	5,603
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2021	-	8,213	8,213

The notes on pages 14 to 26 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 and directors report.

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.

Going concern

During the previous financial year, the world's economy was significantly affected by the outbreak of the Coronavirus. The effect of the pandemic has continued into 2021 with the economic conditions still remaining uncertain.

Although the initial lockdown closed some sites for a period of time during the previous financial year, the restrictions eased and the company was able to continue trading, with 2021 showing an increase in turnover compared to 2020.

The company is currently trading at level in excess of the previous year and has considerable financial resources together with long established relationships with customers and suppliers across different geographical areas of the UK and Ireland. As a consequence, 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, taking into account the possible effect to the business, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. ACCOUNTING POLICIES - continued

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. ACCOUNTING POLICIES - continued

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.

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	- 25% on cost
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 year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Hire purchase and leasing commitments

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. ACCOUNTING POLICIES - continued

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	4,999	4,457
Social security costs	574	532
Other pension costs	<u>199</u>	<u>232</u>
	<u>5,772</u>	<u>5,221</u>

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

	2021	2020
Directors	3	4
Site and construction personnel	13	10
Office and administration	<u>76</u>	<u>72</u>
	<u>92</u>	<u>86</u>

	2021	2020
	£	£
Directors' remuneration	147,227	434,213
Directors' pension contributions to money purchase schemes	<u>6,011</u>	<u>6,021</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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5. OPERATING PROFIT

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

	2021	2020
	£'000	£'000
Depreciation - owned assets	194	234
Depreciation - assets on hire purchase contracts	138	23
Profit on disposal of fixed assets	<u>(5)</u>	<u>(84)</u>

6. AUDITORS' REMUNERATION

Fees payable to the company's auditors are:

	2021	2020
	£'000	£'000
Audit of the company's financial statements	34	37
Tax compliance	3	3
Other services	<u>18</u>	<u>16</u>
	<u>55</u>	<u>56</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Corporation tax	-	4
Directors' loan interest	36	27
Hire purchase	<u>15</u>	<u>2</u>
	<u>51</u>	<u>33</u>

8. TAXATION

Analysis of the tax (credit)/charge

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

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax	156	1,337
Prior year	(1,134)	(1)
Payment in respect of group relief	<u>54</u>	<u>238</u>
Total current tax	(924)	1,574
Deferred tax:		
Origination and reversal of timing differences	<u>611</u>	<u>(9)</u>
Tax on profit	<u>(313)</u>	<u>1,565</u>

UK corporation tax has been charged at 19% (2020 - 19%).

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

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

	2021	2020
	£'000	£'000
Profit before tax	<u>5,290</u>	<u>8,088</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,005	1,537
Effects of:		
Expenses not deductible for tax purposes	9	34
Capital allowances in excess of depreciation	(193)	-
Adjustments to tax charge in respect of previous periods	-	(1)
Other tax adjustments	-	(3)
Change in tax rate	-	(2)
R&D credit in respect of previous periods	<u>(1,134)</u>	<u>-</u>
Total tax (credit)/charge	<u>(313)</u>	<u>1,565</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

8. TAXATION - continued

A change to the UK corporation tax rate was announced by the Chancellor's, the corporation tax rate is set to remain at 19% until 1 April 2023, when it will increase to 25% for any company whose profits are above £250,000.

These changes are not expected to have a significant impact on these financial statements.

9. DIVIDENDS

	2021 £'000	2020 £'000
Ordinary shares of £1 each		
Interim	<u>4,400</u>	<u>6,200</u>

10. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 July 2020	1,163	168	169	492	1,992
Additions	3,427	1	73	219	3,720
Disposals	<u>(70)</u>	<u>-</u>	<u>-</u>	<u>(121)</u>	<u>(191)</u>
At 30 June 2021	<u>4,520</u>	<u>169</u>	<u>242</u>	<u>590</u>	<u>5,521</u>
DEPRECIATION					
At 1 July 2020	1,053	76	93	370	1,592
Charge for year	184	18	22	108	332
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121)</u>	<u>(121)</u>
At 30 June 2021	<u>1,237</u>	<u>94</u>	<u>115</u>	<u>357</u>	<u>1,803</u>
NET BOOK VALUE					
At 30 June 2021	<u>3,283</u>	<u>75</u>	<u>127</u>	<u>233</u>	<u>3,718</u>
At 30 June 2020	<u>110</u>	<u>92</u>	<u>76</u>	<u>122</u>	<u>400</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. 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 2020	-	144	144
Additions	3,247	73	3,320
Transfer to ownership	-	(144)	(144)
At 30 June 2021	<u>3,247</u>	<u>73</u>	<u>3,320</u>
DEPRECIATION			
At 1 July 2020	-	73	73
Charge for year	135	3	138
Transfer to ownership	-	(73)	(73)
At 30 June 2021	<u>135</u>	<u>3</u>	<u>138</u>
NET BOOK VALUE			
At 30 June 2021	<u>3,112</u>	<u>70</u>	<u>3,182</u>
At 30 June 2020	<u>-</u>	<u>71</u>	<u>71</u>

11. STOCKS

	2021 £'000	2020 £'000
Raw materials	<u>1,092</u>	<u>991</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade debtors	148	73
Amounts owed by group undertakings	4,748	7,843
Amounts recoverable on contract	27,664	7,578
Other debtors	111	101
Tax	1,313	765
VAT	1,801	630
Deferred tax asset	-	70
Prepayments	<u>92</u>	<u>86</u>
	<u>35,877</u>	<u>17,146</u>

Debtors considered recoverable in more than one year are shown within amounts recoverable on contracts for £663,766 (2020 - £171,945)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Hire purchase contracts (see note 16)	954	27
Payments on account	1,076	3,855
Trade creditors	23,829	8,250
Amounts owed to group undertakings	3,196	-
Social security and other taxes	249	155
Other creditors	954	203
Directors' current accounts	540	126
Accrued expenses	320	151
	<u>31,118</u>	<u>12,767</u>

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

	2021	2020
	£'000	£'000
Hire purchase contracts (see note 16)	<u>1,875</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£'000	£'000
Net obligations repayable:		
Within one year	954	27
Between one and five years	<u>1,875</u>	<u>-</u>
	<u>2,829</u>	<u>27</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £'000	2020 £'000
Hire purchase contracts	<u>2,829</u>	<u>27</u>

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

17. PROVISIONS FOR LIABILITIES

	2021 £'000	
Deferred tax	<u>541</u>	
		Deferred tax £'000
Balance at 1 July 2020		(70)
Accelerated capital allowances		612
Pension creditor		<u>(1)</u>
Balance at 30 June 2021		<u>541</u>

Deferred tax is provided at the future effective tax rate of 19.00% (2020 - 19.00%) based on the rates substantively enacted at the balance sheet date, the expected timing of the reversals and the profitability of the company.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. RESERVES

	Retained earnings £'000
At 1 July 2020	7,010
Profit for the year	5,603
Dividends	<u>(4,400)</u>
At 30 June 2021	<u>8,213</u>

Retained earnings - includes all current and prior retained period profits and losses of the Company.

21. 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 £199,022 (2020 - £232,638). Included in other creditors are amounts outstanding of £24,202 (2020 - £18,892).

22. 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, a company incorporated in England & Wales.

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.

23. 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 30 June 2021, excluding this company was £5,350,162 (2020 - £2,800,000).

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 30 June 2021 was £1,750,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 June 2021 and 30 June 2020:

	2021 £'000	2020 £'000
B J Wright		
Balance outstanding at start of year	-	-
Amounts advanced	100	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>100</u>	<u>-</u>

25. 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)

	2021 £'000	2020 £'000
Amount due from related party	100	-
Amount due to related party	<u>807</u>	<u>126</u>

The loans are unsecured and repayable on demand. During the year a total of £35,898 (2020 - £27,011) interest was paid on these loans.

Key management personnel compensation is considered to be the same as reported under directors' remuneration disclosed in note 4.

26. ULTIMATE CONTROLLING PARTY

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