

COMPANY REGISTRATION NUMBER: 03320855

**ACS Construction Group Limited**  
**Financial Statements**  
**31 October 2019**



**ALEXANDER KNIGHT & CO LIMITED**

Chartered Accountants & Statutory Auditor

Westgate House  
44 Hale Road  
Hale  
Altrincham  
Cheshire  
WA14 2EX

# ACS Construction Group Limited

## Financial Statements

Year Ended 31 October 2019

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# ACS Construction Group Limited

## Officers and Professional Advisers

### **The Board of Directors**

D Doohan  
P Grady  
D Curran  
M Deignan  
P Howard

### **Company Secretary**

M Deignan

### **Registered Office**

Lansdowne House  
Oak Green Business Park  
Cheadle Hulme  
Stockport  
SK8 6QL

### **Auditor**

Alexander Knight & Co Limited  
Chartered Accountants & Statutory Auditor  
Westgate House  
44 Hale Road  
Hale  
Altrincham  
Cheshire  
WA14 2EX

### **Bankers**

The Royal Bank of Scotland  
38 Market Place  
Wigan  
WN1 1PJ

# ACS Construction Group Limited

## Strategic Report

Year Ended 31 October 2019

### Principal Activity

The principal activity of the company during the year was that of providing civil engineering services to a number of sectors, including education, commercial, industrial, government, infrastructure and renewable energy.

### Review of Business

Following a three consolidation period, in the year 2019, we experienced a 53% growth in turnover mainly attributable to the Integra 61 Durham road infrastructure scheme. Appointed directly by the client to complete further works which included the finalisation of the design/value engineering process and the construction of all the remaining works with full responsibility for the coordination of the 2 novated designers working in conjunction with the client's project management team operationally and commercially.

Our main company focus is to continually improve our net worth which has increased +23% from last year, our aim is to become an established principal contractor operating in niche sectors securing contracts directly with private companies underpinned by our ability to deliver safely, on time and to budget via repeat negotiated framework work opportunities.

The current order book is looking very strong which indicates 2019-20 will be another excellent year for the business.

We recently appointed three new Directors to the board and plan to implement an Employee share ownership scheme to improve the performance of the business and communicate our goals to staff. A common focus helps reinforce a vested interest in ensuring the business succeeds and cements a positive effect on staff retention by providing employees with a longer-term focus on the company's future performance.

Recognised by the Investors in People North of England team, well done to everyone at ACS Construction Group on being shortlisted in the Gold Employer of the Year (50-249 people) category for the 2019 Investors in People Awards. Being shortlisted is a fantastic achievement; we are one of only 36 organisations on the shortlist from the North of England.

Looking after your people is something that matters to the management team we have continued to re-invest in our staff, operating systems, plant fleet & training; this now provides a solid platform for delivery in the coming years complementing our business plan objectives.

### Risk Management

Addressing the risks to the business is a regular activity. The major projects that ACS Construction provides are always within diverse and complex environments for the public and private sectors.

Clients often need substantial support throughout the construction operations and support beyond contractual requirements results in extra costs. In addition meeting the criteria of the statutory requirements of the construction industry requires continued investment to maintain our company standards, achieving a recognised mark of quality is vital to winning new business.

Risks that exist in the business would be a major shortfall in order intake. The company has to be vigilant in terms of overhead to ensure that costs are matched to turnover. The company has a good cash position and the temptation would be to maintain overhead while order intake is reduced.

The company can remain secure but the operating business sectors can be unpredictable and that has to be recognised and acted upon in good time.

# ACS Construction Group Limited

## Strategic Report *(continued)*

Year Ended 31 October 2019

This report was approved by the board of directors on .....28/2/2020 and signed on behalf of the board by:



P Grady  
Director

Registered office:  
Lansdowne House  
Oak Green Business Park  
Cheadle Hulme  
Stockport  
SK8 6QL

# ACS Construction Group Limited

## Directors' Report

### Year Ended 31 October 2019

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

#### Principal Activity

The principal activity of the company during the year was that of providing civil engineering services to a number of sectors, including education, commercial, industrial, government, infrastructure and renewable energy.

#### Directors

The directors who served the company during the year were as follows:

D Doohan	
P Grady	
D Curran	(Appointed 10 May 2019)
M Deignan	(Appointed 10 May 2019)
P Howard	(Appointed 10 May 2019)

#### Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

#### Disclosure of Information in the Strategic Report

In accordance with section 414c(11) of the Companies Act 2006 Regulations 2013, the directors have included a separate strategic report. This includes information that would have been included in the business review and the principal risks and uncertainties.

#### Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

# ACS Construction Group Limited

## Directors' Report *(continued)*

Year Ended 31 October 2019

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 28/02/2020 and signed on behalf of the board by:



P Grady  
Director

Registered office:  
Lansdowne House  
Oak Green Business Park  
Cheadle Hulme  
Stockport  
SK8 6QL

# ACS Construction Group Limited

## Independent Auditor's Report to the Members of ACS Construction Group Limited

Year Ended 31 October 2019

### Opinion

We have audited the financial statements of ACS Construction Group Limited (the 'company') for the year ended 31 October 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for Opinion

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

### Conclusions Relating to Going Concern

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

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

# ACS Construction Group Limited

## Independent Auditor's Report to the Members of ACS Construction Group Limited (continued)

Year Ended 31 October 2019

### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

### Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# ACS Construction Group Limited

## Independent Auditor's Report to the Members of ACS Construction Group Limited

*(continued)*

**Year Ended 31 October 2019**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# ACS Construction Group Limited

## Independent Auditor's Report to the Members of ACS Construction Group Limited (continued)

Year Ended 31 October 2019

We communicate 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 in internal control that we identify during our audit.

### Use of Our Report

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

*Alexander Knight & Co limited*

Murray Patt, BA FCA (Senior Statutory Auditor)

For and on behalf of  
Alexander Knight & Co Limited  
Chartered Accountants & Statutory Auditor  
Westgate House  
44 Hale Road  
Hale  
Altrincham  
Cheshire  
WA14 2EX

*3rd March 2020*

**ACS Construction Group Limited**  
**Statement of Income and Retained Earnings**  
**Year Ended 31 October 2019**

	Note	2019 £	2018 £
<b>Turnover</b>	<b>4</b>	<b>17,286,109</b>	11,272,576
Cost of sales		<u>15,334,771</u>	<u>9,347,421</u>
<b>Gross Profit</b>		<b>1,951,338</b>	1,925,155
Administrative expenses		1,342,445	1,192,138
Other operating income	5	<u>20,275</u>	<u>55,687</u>
<b>Operating Profit</b>	<b>6</b>	<b>629,168</b>	788,704
Other interest receivable and similar income	10	852	2,851
Amounts written back to investments		—	175,000
Interest payable and similar expenses	11	<u>29,280</u>	<u>13,072</u>
<b>Profit Before Taxation</b>		<b>600,740</b>	603,483
Tax on profit	12	<u>(273,768)</u>	<u>(355,481)</u>
<b>Profit for the Financial Year and Total Comprehensive Income</b>		<b><u>874,508</u></b>	<b><u>958,964</u></b>
Dividends paid and payable	13	(401,159)	(254,837)
<b>Retained Earnings at the Start of the Year</b>		<b><u>2,027,673</u></b>	<b><u>1,323,546</u></b>
<b>Retained Earnings at the End of the Year</b>		<b><u>2,501,022</u></b>	<b><u>2,027,673</u></b>

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

# ACS Construction Group Limited

## Statement of Financial Position

31 October 2019

	Note	2019 £	£	2018 £
<b>Fixed Assets</b>				
Tangible assets	14		1,077,301	843,931
<b>Current Assets</b>				
Stocks	15	154,698		72,325
Debtors	16	5,285,118		3,377,974
Investments	17	235,008		235,008
Cash at bank and in hand		671,086		504,787
		<u>6,345,910</u>		<u>4,190,094</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>4,302,394</u>		<u>2,593,406</u>
<b>Net Current Assets</b>			<u>2,043,516</u>	<u>1,596,688</u>
<b>Total Assets Less Current Liabilities</b>			<u>3,120,817</u>	<u>2,440,619</u>
<b>Creditors: amounts falling due after more than one year</b>	19		437,480	267,729
<b>Provisions</b>				
Taxation including deferred tax	21		<u>182,215</u>	<u>145,117</u>
<b>Net Assets</b>			<u><u>2,501,122</u></u>	<u><u>2,027,773</u></u>
<b>Capital and Reserves</b>				
Called up share capital	25		100	100
Profit and loss account	26		<u>2,501,022</u>	<u>2,027,673</u>
<b>Shareholders Funds</b>			<u><u>2,501,122</u></u>	<u><u>2,027,773</u></u>

These financial statements were approved by the board of directors and authorised for issue on 28/02/2020 and are signed on behalf of the board by:



P Grady  
Director

Company registration number: 03320855

The notes on pages 13 to 24 form part of these financial statements.

# ACS Construction Group Limited

## Statement of Cash Flows

Year Ended 31 October 2019

	2019	2018
	£	£
<b>Cash Flows from Operating Activities</b>		
Profit for the financial year	874,508	958,964
<i>Adjustments for:</i>		
Depreciation of tangible assets	153,904	119,032
Amounts written back to investments	–	175,000
Other interest receivable and similar income	(852)	(2,851)
Interest payable and similar expenses	29,280	13,072
Loss on disposal of tangible assets	4,870	27,337
Tax on profit	(273,768)	(355,481)
Accrued expenses/(income)	201,013	(110,210)
<i>Changes in:</i>		
Stocks	(82,373)	(30,483)
Trade and other debtors	(1,907,144)	(1,489,327)
Trade and other creditors	1,369,659	(3,321)
Cash generated from operations	<u>369,097</u>	<u>(698,268)</u>
Interest paid	(29,280)	(13,072)
Interest received	852	2,851
Tax received	285,510	207,884
Net cash from/(used in) operating activities	<u>626,179</u>	<u>(500,605)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of tangible assets	(29,840)	(8,240)
Proceeds from sale of tangible assets	46,700	171,300
Net cash from investing activities	<u>16,860</u>	<u>163,060</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	270,000	–
Repayments of borrowings	(42,375)	(26,638)
Payments of finance lease liabilities	(303,206)	(183,640)
Dividends paid	(401,159)	(254,837)
Net cash used in financing activities	<u>(476,740)</u>	<u>(465,115)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>166,299</b>	<b>(802,660)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>504,787</b>	<b>1,307,447</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>671,086</u></b>	<b><u>504,787</u></b>

The notes on pages 13 to 24 form part of these financial statements.

# ACS Construction Group Limited

## Notes to the Financial Statements

### Year Ended 31 October 2019

#### 1. General Information

The company is a private company limited by shares, registered in England and Wales, registered number (03320855). The address of the registered office is Lansdowne House, Oak Green Business Park, Cheadle Hulme, Stockport, SK8 6QL.

#### 2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### 3. Accounting Policies

##### Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### Current Assets

Current asset investments are held at cost.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### **Judgements and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements

Management do not feel that there are any judgements (apart from those involving estimations) that have been made in the process of applying the entity's accounting policies which have a significant effect on the amounts recognised in the financial statements.

#### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Estimated useful life and residual value of fixed assets

Depreciation of tangible fixed assets have been based on the estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives and residual values, as evidenced by disposals during current and prior accounting periods.

#### Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, management include factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### Accrued income and amounts recoverable on contract.

The company accrues income for contracts where work has been undertaken, but not yet invoiced. In calculating the value of income to include, the company considers the level of work certified to date, together with work undertaken subsequent to the latest certification.

#### **Revenue Recognition**

The turnover shown in the profit and loss account represents the fair value of the consideration received or receivable and represents amounts receivable for goods and services supplied during the year, exclusive of Value Added Tax.

In respect of long term contracts for on going services, turnover represents the value of work done in the year, including estimates of amounts not yet invoiced. Turnover in respect of long term contracts for on going services is recognised by reference to the stage of completion. Revenue not billed to the client is included in debtors as amounts recoverable on long term contracts.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 3. Accounting Policies *(continued)*

##### Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	20% reducing balance

##### Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 3. Accounting Policies *(continued)*

##### **Impairment of Fixed Assets *(continued)***

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

##### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

##### **Finance Leases and Hire Purchase Contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 3. Accounting Policies *(continued)*

##### Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

##### Employee Benefits

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 4. Turnover

Turnover arises from:

	2019	2018
	£	£
Construction contracts	<u>17,286,109</u>	<u>11,272,576</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

#### 5. Other Operating Income

	2019	2018
	£	£
Other operating income	<u>20,275</u>	<u>55,687</u>

#### 6. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Depreciation of tangible assets	153,904	119,032
Loss on disposal of tangible assets	4,870	27,337
Impairment of trade debtors	-	(5)

#### 7. Auditor's Remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>2,500</u>	<u>2,000</u>

#### 8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Production staff	32	31
Administrative staff	12	15
Management staff	10	10
	<u>54</u>	<u>56</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	2,271,359	2,107,000
Social security costs	245,223	227,941
Other pension costs	56,462	(19,949)
	<u>2,573,044</u>	<u>2,314,992</u>

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	42,000	24,000
Company contributions to defined contribution pension plans	3,375	(50,000)
	<u>45,375</u>	<u>(26,000)</u>

#### 10. Other Interest Receivable and Similar Income

	2019	2018
	£	£
Interest on cash and cash equivalents	452	241
Other interest receivable and similar income	400	2,610
	<u>852</u>	<u>2,851</u>

#### 11. Interest Payable and Similar Expenses

	2019	2018
	£	£
Interest on banks loans and overdrafts	8,893	848
Interest on obligations under finance leases and hire purchase contracts	19,589	12,224
Other interest payable and similar charges	798	-
	<u>29,280</u>	<u>13,072</u>

#### 12. Tax on Profit

##### Major components of tax income

	2019	2018
	£	£
<b>Current tax:</b>		
UK current tax (income)/expense	(267,245)	25,357
Adjustments in respect of prior periods	(43,622)	(393,321)
Total current tax	<u>(310,867)</u>	<u>(367,964)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	37,099	12,483
<b>Tax on profit</b>	<u>(273,768)</u>	<u>(355,481)</u>

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 12. Tax on Profit *(continued)*

##### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>600,740</u>	<u>603,483</u>
Profit on ordinary activities by rate of tax	114,141	114,662
Adjustment to tax charge in respect of prior periods	(16,604)	(393,321)
Effect of expenses not deductible for tax purposes	10,341	41,416
Research and Development tax credit	(372,209)	(108,458)
Other adjustments	<u>(9,437)</u>	<u>(9,780)</u>
Tax on profit	<u>(273,768)</u>	<u>(355,481)</u>

#### 13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £	2018 £
Dividends on ordinary shares	<u>401,159</u>	<u>254,837</u>

#### 14. Tangible Assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 November 2018	886,735	76,058	250,452	1,213,245
Additions	353,235	7,844	77,765	438,844
Disposals	(81,300)	–	(27,970)	(109,270)
<b>At 31 October 2019</b>	<u>1,158,670</u>	<u>83,902</u>	<u>300,247</u>	<u>1,542,819</u>
<b>Depreciation</b>				
At 1 November 2018	233,259	48,972	87,083	369,314
Charge for the year	112,970	6,825	34,109	153,904
Disposals	(40,339)	–	(17,361)	(57,700)
<b>At 31 October 2019</b>	<u>305,890</u>	<u>55,797</u>	<u>103,831</u>	<u>465,518</u>
<b>Carrying amount</b>				
At 31 October 2019	<u>852,780</u>	<u>28,105</u>	<u>196,416</u>	<u>1,077,301</u>
At 31 October 2018	<u>653,476</u>	<u>27,086</u>	<u>163,369</u>	<u>843,931</u>

The total carrying amount of tangible fixed assets are pledged as security for the company's loans.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 14. Tangible Assets *(continued)*

##### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	Total £
At 31 October 2019	<u>667,504</u>	<u>149,151</u>	<u>816,655</u>
At 31 October 2018	<u>420,277</u>	<u>118,424</u>	<u>538,701</u>

#### 15. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>154,698</u>	<u>72,325</u>

The total carrying amount of stock is pledged as security for the company's loan.

#### 16. Debtors

	2019 £	2018 £
Trade debtors	2,427,032	1,847,614
Prepayments and accrued income	224,940	108,707
Directors loan account	671,010	185,269
Amounts recoverable on contracts	463,997	396,628
Amounts owed by connected companies	375,158	215,658
Other debtors	<u>1,122,981</u>	<u>624,098</u>
	<u>5,285,118</u>	<u>3,377,974</u>

The total carrying amount of debtors is pledged as security for the company's loans.

#### 17. Investments

	2019 £	2018 £
Other investments	<u>235,008</u>	<u>235,008</u>

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

**18. Creditors: amounts falling due within one year**

	2019	2018
	£	£
Bank loans and overdrafts	51,508	–
Trade creditors	3,514,239	2,161,139
Accruals and deferred income	228,288	27,274
Corporation tax	–	25,357
Social security and other taxes	74,458	124,963
Obligations under finance leases and hire purchase contracts	300,033	187,869
Other creditors	133,868	66,804
	<u>4,302,394</u>	<u>2,593,406</u>

**19. Creditors: amounts falling due after more than one year**

	2019	2018
	£	£
Bank loans and overdrafts	176,117	–
Obligations under finance leases and hire purchase contracts	261,363	267,729
	<u>437,480</u>	<u>267,729</u>

**20. Finance Leases and Hire Purchase Contracts**

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	300,033	187,869
Later than 1 year and not later than 5 years	261,363	267,729
	<u>561,396</u>	<u>455,598</u>

**21. Provisions**

	Deferred tax (note 22)
	£
At 1 November 2018	145,117
Additions	37,098
<b>At 31 October 2019</b>	<u>182,215</u>

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 22. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 21)	<u>182,215</u>	<u>145,117</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	<u>182,215</u>	<u>145,117</u>

#### 23. Employee Benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £56,462 (2018: £(19,949)).

#### 24. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2019	2018
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,966,304</u>	<u>3,269,265</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>4,437,125</u>	<u>2,683,540</u>

#### 25. Called Up Share Capital

##### Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100.00</u>	<u>100</u>	<u>100.00</u>

#### 26. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

# ACS Construction Group Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 October 2019

#### 27. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	46,612	21,657
Later than 1 year and not later than 5 years	75,164	16,718
	<u>121,776</u>	<u>38,375</u>

#### 28. Charges on Assets

Bank loans and overdrafts of £227,624 (2018: £nil) are secured over the assets of the company.

Assets with a net book value of £816,655 (2018: £538,700) acquired under hire purchase liabilities of £561,396 (2018: £455,598) are secured over the assets concerned.

#### 29. Directors' Advances, Credits and Guarantees

At the year end date the director, P Grady owed the company £229,331 (2018 - £96,880). The loan account was interest free, unsecured and repaid in full after the year end.

At the year end date the director, D Doohan owed the company £199,912 (2018 - £88,387). The loan account was interest free, unsecured and repaid in full after the year end.

At the year end date the director, D Curran owed the company £75,922. The loan account was interest free and unsecured.

At the year end date the director, M Deignan owed the company £86,404. The loan account was interest free and unsecured.

At the year end date the director, P Howard owed the company £79,440. The loan account was interest free and unsecured.

#### 30. Related Party Transactions

During the year rent was paid to a connected entity of £87,600 (2018 - £87,600). At the year end date £109,158 (2018 - £99,158) was owed to the entity.

#### 31. Controlling Party

The ultimate parent company is ACS Group Holdings Limited, a company incorporated in England. This company is under the control of the directors who are also the shareholders.