

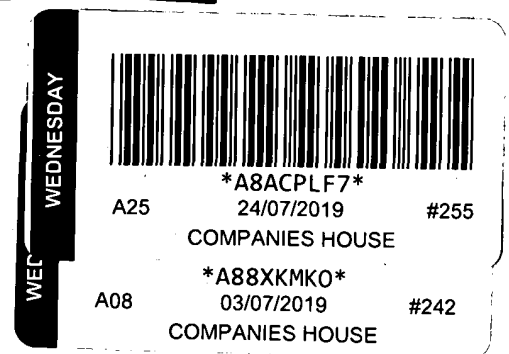
Company Registration No. 03941201 (England and Wales)

CONSTRUCTION PARTNERSHIP UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 31 MARCH 2019

AMENDING



 **mha**
MOORE & SMALLEY

CONSTRUCTION PARTNERSHIP UK LTD

COMPANY INFORMATION

Directors	Mr S J Whittle Mr S J Burke Mr M J English Mr S J Rees
Secretary	Mrs J E Burke
Company number	03941201
Registered office	Chadwick House Maple View White Moss Business Park Skelmersdale WN8 9TD
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

CONSTRUCTION PARTNERSHIP UK LTD

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CONSTRUCTION PARTNERSHIP UK LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2019

Strategic report

The directors present the strategic report and financial statements for the 6 month period ended 31 March 2019.

We made a decision to prepare the statements for an 6 month period in order to quickly demonstrate the improvement in performance of the CPUK group, since the previous reporting period.

Review of the business

As a main contractor in the construction industry this company manages New Build and Refurbishment schemes under both Traditional and Design & Build arrangements. Construction Partnership UK Ltd has traditionally worked across all sectors including Residential, Commercial & Industrial, Education, Health and Sports and Leisure.

Based on the current order book we anticipate that this company will generate a total turnover in the region of £55m in the financial year 2019-20.

Business model/strategy

Core competence

We are experts in Contracting and all our construction projects are managed using employees from the CPUK Group as Site Managers, Engineers and Quantity Surveyors, supported by an experienced Management team that support all projects. We subcontract out all the major work packages to specialist subcontractors drawn from our approved supply chain data base.

At CPUK we are absolutely clear that the success of the Group relies entirely on having satisfied customers. Our commitment is that we will provide an exceptional service and form lasting and profitable relationships with customers, subcontractors and professionals alike.

Key accreditations

We aim to achieve the highest standards and will continue to target key accreditations to ensure we achieve and maintain those standards

- Construction-line and CHAS accredited for major schemes in excess of £5 million.
- Investors In People Bronze status
- ISO 9001 Quality Management
- ISO 14001 Environmental Management
- OHSAS 18001 Health and Safety Management

CONSTRUCTION PARTNERSHIP UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

Review of performance

Objectives and KPIs

	Performance		
K.P.I's	6 mths 2018/19 as reported	6 months pro rata 2017/18	18 mths 2017/18 as reported
Turnover	£23.3m	£14.5m	£43.5m
Gross Profit	£1.8m	£0.5m	£1.5m
Gross Profit %	7.9%	3.5%	3.5%
Profit (Loss) After Tax	£944k	(£87k)	(£262k)
Profit After Tax %	4.1%	-0.6%	-0.6%
Cash at Bank	£1.7m	£1.4m	£1.4m
Shareholders funds	£1,573k	£629k	£629k

After a period of strong growth, in 2015 to 2017, with annual turnover reaching £43m we expected a similar level of turnover in 2017-18.

However, we saw a sharp decline in turnover, with an extraordinary set of circumstances across a number of projects. One significant project failed to proceed to contract following receipt of a Letter of Intent, but most others were a combination of planning issues and funding delays experienced by our clients. When you add to this delays due to Network rail issues, findings of medieval remains giving rise to an archaeological dig for a large Student Accommodation scheme and then another residential scheme delayed by nesting falcons the impact was significant.

This led to a reduction in turnover of over 40% when looking at a 12 month period.

The good news is that almost all of the delayed projects subsequently started on site and we have seen a significant increase in turnover and profitability in the 6 month period to 31 March 2019 with equally promising prospects for 2019-20.

As a result of these losses on specific projects, we have reviewed our business strategy and introduced a more robust risk analysis at tender stage and clarified what we will and will not do in terms of future projects. We believe this will reduce, if not eliminate projects with a negative margin.

We currently have a strong order book, with secured turnover for the company of approximately £45m and we fully expect to achieve turnover of approximately £55m for the company in the year 2019-2020.

CONSTRUCTION PARTNERSHIP UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

Principal risk and uncertainties

The Board reviews the Company's ongoing financial risks as part of the planning process. We foresee two principal risks in the next 12 months:

Brexit uncertainty

There are two potential impacts from Brexit, firstly the impact on confidence in the housing market and the impact this may have on investment, either from overseas or the UK. We believe that this may cause decision makers to delay as they assess the potential impact of Brexit.

Secondly there is a risk that Brexit contributes to rising costs causing downward pressure on margins.

Our risk is limited to the extent that most of our contracts have a duration of less than 12 months. We also look to fix our costs by placing orders as soon as possible after securing the contract.

Client failure / Bad Debts

Part of our risk management from a customer perspective is to remain committed to our existing blue chip clients. Controls are in place to assess the financial status of all new customers prior to entering into contract. In particular we look to ensure that the potential customer has secured appropriate levels of funding.

We have assessed our debts in the accounts and taken a view as to the recoverability or otherwise of the debt and made what we consider to be appropriate provisions based on the information available to us.

We are confident that our business model and strategy will continue to be successful in the years to come and that our excellent reputation across the sectors will ensure that the company continues to make steady progress throughout the coming year.

On behalf of the board



.....
Mr S J Whittle
Director

Date: 01/07/2019 -

CONSTRUCTION PARTNERSHIP UK LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2019

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

Principal activities

The principal activity of the company during the year was that of construction.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr S J Whittle
Mr S J Burke
Mr M J English
Mr S J Rees

Results and dividends

The results for the period are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

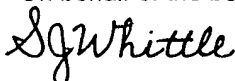
Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
Mr S J Whittle
Director

01/07/2019
Date:

CONSTRUCTION PARTNERSHIP UK LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2019

The directors are responsible for preparing the annual 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

CONSTRUCTION PARTNERSHIP UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CONSTRUCTION PARTNERSHIP UK LTD

Opinion

We have audited the financial statements of Construction Partnership UK Ltd (the 'company') for the period ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the 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 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 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter

We draw attention to note 2 in the financial statements, which indicates that the amounts due from group companies (note 14) are recoverable by the recoverability of the trade debtors within the respective companies, or by future trading contracts allocated to those companies. Our opinion is not modified in respect to this matter.

Conclusions relating to going concern

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

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

Other information

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

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.

CONSTRUCTION PARTNERSHIP UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONSTRUCTION PARTNERSHIP UK LTD

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have not been prepared in accordance with applicable legal requirements due to the omission of the impairment of material balances.

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 and the directors' report.

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 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.

Auditor's responsibilities for the audit of the financial statements

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

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

CONSTRUCTION PARTNERSHIP UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONSTRUCTION PARTNERSHIP UK LTD

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.

Damian Walmsley

**Damian Walmsley (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor**

Richard House
9 Winckley Square
Preston
PR1 3HP

01/07/2019

Date:

CONSTRUCTION PARTNERSHIP UK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

		Period ended 31 March 2019 £	Period ended 30 September 2018 £
	Notes		
Turnover	3	23,291,601	43,526,375
Cost of sales		(21,445,089)	(41,998,443)
Gross profit		1,846,512	1,527,932
Administrative expenses		(763,873)	(2,660,262)
Operating profit/(loss)	4	1,082,639	(1,132,330)
Interest receivable and similar income	7	522	2,144
Interest payable and similar expenses	8	(531)	(42,060)
Profit/(loss) before taxation		1,082,630	(1,172,246)
Tax on profit/(loss)	9	(138,500)	909,948
Profit/(loss) for the financial period		944,130	(262,298)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CONSTRUCTION PARTNERSHIP UK LTD

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11	42,851		48,275	
Investment properties	12	405,000		405,000	
			447,851		453,275
Current assets					
Stocks	13	405,000		405,000	
Debtors	14	12,801,285		10,259,815	
Cash at bank and in hand		1,691,326		1,359,384	
			14,897,611		12,024,199
Creditors: amounts falling due within one year	15	(13,671,376)		(11,712,215)	
Net current assets			1,226,235		311,984
Total assets less current liabilities			1,674,086		765,259
Creditors: amounts falling due after more than one year	16		(101,389)		(136,692)
Net assets			1,572,697		628,567
Capital and reserves					
Called up share capital	20	3,058		3,058	
Share premium account		5,390		5,390	
Capital redemption reserve		689		689	
Profit and loss reserves		1,563,560		619,430	
Total equity			1,572,697		628,567

01/07/2019

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

S J Whittle

.....
Mr S J Whittle
Director

Company Registration No. 03941201

CONSTRUCTION PARTNERSHIP UK LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		3,058	5,390	689	1,212,951	1,222,088
Period ended 30 September 2018:						
Loss and total comprehensive income for the period		-	-	-	(262,298)	(262,298)
Dividends	10	-	-	-	(331,223)	(331,223)
Balance at 30 September 2018		3,058	5,390	689	619,430	628,567
Period ended 31 March 2019:						
Profit and total comprehensive income for the period		-	-	-	944,130	944,130
Balance at 31 March 2019		3,058	5,390	689	1,563,560	1,572,697

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

Company information

Construction Partnership UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Chadwick House, Maple View, White Moss Business Park, Skelmersdale, WN8 9TD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investment property at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- The requirements of Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17(d).
- The requirements of Section 11 'Basic Financial Instruments' paragraphs 11.29 to 11.28A and Section 12 'Other Financial Instrument Issues' paragraphs 12.26 to 12.29A.
- Section 33 'Related Party Disclosures' paragraph 33.7

Construction Partnership UK Limited is a wholly owned subsidiary of CPUK Commercial Holdings Limited and the results of Construction Partnership UK Limited are included in the consolidated financial statements of CPUK Commercial Holdings Limited which are available from Companies House, Cardiff.

1.2 Going concern

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

In the period ended 30 September 2018, the company made a loss of £262,298 and the net assets of the company reduced from £1,222,088 at 31 March 2017 to £628,567 at 30 September 2018.

In the period ended 31 March 2019, included in these financial statements, the company has shown a much-improved trading position, recording a profit of £944,130 for the period and the net assets of the company increasing to £1,572,697

The directors have prepared forecasts for at least 12 months from the approval of the financial statements, which show the profitability the company has enjoyed in the 6 months ended 31 March 2019 continuing.

The directors carefully monitor and manage the cash flow position of the business, ensuring the company can meet its obligations as they fall due.

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approving these accounts. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.3 Reporting period

The financial statements cover the 6 month period from 1 October 2018 to 31 March 2019. As the comparatives cover the 18 month period from 1 April 2017 to 30 September 2018, performance will not be entirely comparable. The accounting period was changed as this was more appropriate given the contracts the company was undertaking.

1.4 Turnover

Turnover in the profit and loss account represents the total amount receivable for construction services provided during the period, excluding Value Added Tax. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the period, including estimates of amounts not invoiced.

An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated contract losses as soon as they are foreseen.

Rental income is recognised in the period to which it relates.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of an asset, less estimated residual value, over its expected useful life, as follows:

Leasehold improvement	25% Straight line
Fixtures & fittings	15% Straight line
Computer equipment	25% Straight line
Motor vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured with reference to certified contract values and variations agreed with customers.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company. Contributions payable are charged to the profit and loss account in the period they are payable.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of stocks

As stated in accounting policy note 1.8 stock is valued at the lower of cost and net realisable value. In reaching this valuation management have used their knowledge of the market to come to the likely selling price of stocks in order to ensure that appropriate provisions are made where their cost is in excess of the expected sales price.

Bad debt provisions

As stated in accounting policy note 1.11 trade debtors are initially measured at the transaction price. Where the company considers the recoverability of debt to be doubtful a provision is made within the accounts for this debt. In the calculation of these provisions judgements are required to be made by the directors regarding the likelihood of receiving payments from their customers.

During the current and previous periods, the company has encountered difficulty with recovering debts due to it from a particular customer. The company has received an adjudication in its favour in respect of these debts, however, due to the ongoing legal claims, and counter claims made by the customer, nothing further has been received from these clients post year end. A claim has been made against the company's Professional Indemnity insurance which would potentially form part of that settlement and be paid directly to the company. The directors have made an assessment of the overall recoverability of these debts, and included provisions as they see appropriate. In order not to prejudice the company's position, no further details are disclosed in the accounts in respect of this specific matter.

Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Amounts due from group undertakings

At the balance sheet date there are amounts due from CPUK Commercial Limited and CPUK Affordable Living Limited which are included in amounts due from group undertakings. The directors are confident that these balances will be repaid in the future, firstly from the recovery of trade debtors due to them, and also from the profits made on future contracts which will be allocated to them, as it is the intention of the directors to ensure that profit making contracts are carried out in these companies going forward.

At the current period end, the directors have made an assessment of the recoverability of the debts due to the company from fellow group undertakings, and have concluded that, given the anticipated future activity, with a number of contracts which are expected to be highly profitable for these companies, no provision is required.

Research and development

The directors have estimated the research and development claim of £280,000 (2018: £230,000) for the 6 month period. This is based on the claim being on similar work done as in previous periods, along with a series of successful claims.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Construction contracts

As detailed in accounting policy note 1.9, the company undertakes construction contracts which are recognised by reference to their stage of completion at the reporting date.

In calculating the revenues and profits to be recognised in the period in respect of construction contracts, management are required to use estimation techniques to arrive at the stage of completion at the period end date.

The company uses qualified Quantity Surveyors to assess the value of work completed to derive the relevant revenues and profits to recognise on the contracts.

Additional revenues and profits in respect of variations from the original contract are only recognised when the company has confirmed the value of such amounts with the customer.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Construction sales	23,291,601	43,526,375
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	522	2,144
	<u> </u>	<u> </u>

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	23,291,601	43,526,375

4 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,300	9,300
Depreciation of owned tangible fixed assets	14,186	47,679
Cost of stocks recognised as an expense	16,129,585	30,711,680
Operating lease charges	22,894	78,657

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2019 Number	2018 Number
Project staff	73	75
Administrative staff	10	11
Management staff	8	8
	91	94

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,853,122	5,467,934
Social security costs	199,264	580,438
Pension costs	126,152	317,781
	2,178,538	6,366,153

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	4,114	287,802
Company pension contributions to defined contribution schemes	-	12,715
	<u>4,114</u>	<u>300,517</u>

The directors have been paid through another group company from October 2018 and this is disclosed in the consolidated financial statements.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	97,414
Company pension contributions to defined contribution schemes	n/a	4,681
	<u>n/a</u>	<u>4,681</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	522	2,144
	<u>522</u>	<u>2,144</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	531	41,877
Interest on finance leases and hire purchase contracts	-	183
	<u>531</u>	<u>42,060</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	(230,000)
Adjustments in respect of prior periods	-	(484,494)
	<u>-</u>	<u>(714,494)</u>
Total current tax	<u>-</u>	<u>(714,494)</u>

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

9 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences

138,500 (195,454)

Total tax charge/(credit)

138,500 (909,948)

The actual charge/(credit) for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit/(loss) before taxation	1,082,630	(1,172,246)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	205,700	(222,727)
Tax effect of expenses that are not deductible in determining taxable profit	800	4,081
Adjustments in respect of prior years	-	(484,494)
Depreciation on assets not qualifying for tax allowances	-	197
Research and development tax credit	(50,000)	(230,000)
Change in rates	(18,000)	22,995
Taxation charge/(credit) for the period	138,500	(909,948)

10 Dividends

	2019 £	2018 £
Final paid	-	331,223

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

11 Tangible fixed assets

	Leasehold improvement £	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2018	39,729	33,240	151,589	19,412	243,970
Additions	-	1,417	7,345	-	8,762
At 31 March 2019	39,729	34,657	158,934	19,412	252,732
Depreciation and impairment					
At 1 October 2018	39,512	22,343	116,300	17,540	195,695
Depreciation charged in the period	217	1,349	10,748	1,872	14,186
At 31 March 2019	39,729	23,692	127,048	19,412	209,881
Carrying amount					
At 31 March 2019	-	10,965	31,886	-	42,851
At 30 September 2018	218	10,896	35,288	1,873	48,275

Tangible fixed assets with a carrying amount of £42,851 (2018 - £48,275) have been pledged to secure borrowings of the company.

12 Investment property

	2019 £
Fair value	
At 1 October 2018 and 31 March 2019	405,000

The fair value of the investment property has been arrived at on the basis of an appraisal carried out at the period end by Certa Invest, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

Investment property with a carrying value of £405,000 (2018 - £405,000) have been pledged to secure borrowings of the company.

13 Stocks

	2019 £	2018 £
Stock	405,000	405,000

Stocks with a carrying value of £405,000 (2018 - £405,000) have been pledged to secure borrowings of the company.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	5,876,768	4,487,339
Gross amounts owed by contract customers	3,175,300	2,498,000
Corporation tax recoverable	230,000	230,000
Amounts owed by group undertakings	3,108,922	2,528,133
Other debtors	246,698	261,046
Prepayments and accrued income	108,800	62,000
	<u>12,746,488</u>	<u>10,066,518</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	54,797	193,297
	<u>54,797</u>	<u>193,297</u>
Total debtors	<u>12,801,285</u>	<u>10,259,815</u>

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	48,178	42,565
Trade creditors		6,752,876	4,592,325
Taxation and social security		148,790	123,691
Other creditors		60,828	74,318
Accruals and deferred income		6,660,704	6,879,316
		<u>13,671,376</u>	<u>11,712,215</u>

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	101,389	136,692
		<u>101,389</u>	<u>136,692</u>

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

17 Loans and overdrafts

	2019 £	2018 £
Bank loans	149,567	179,257
Payable within one year	48,178	42,565
Payable after one year	101,389	136,692

Bank loans are secured by way of a debenture over the company's assets and a legal charge over Haigh Park View, Standish. The directors have also given personal guarantees as security for the bank loan.

The bank loan is repayable in monthly installments until its final repayment date in March 2022. The loan is subject to interest at 2.89% above the bank base rate.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Balances:		
Accelerated capital allowances	(6,514)	(7,360)
Tax losses	57,081	197,320
Short term timing differences	4,230	3,337
	54,797	193,297
Movements in the period:		2019 £
Liability/(Asset) at 1 October 2018		(193,297)
Charge to profit or loss		138,500
Liability/(Asset) at 31 March 2019		(54,797)

As at the signing date of these financial statements, the company has not finalised its capital expenditure programme for the forthcoming year and therefore an assessment as to the likely movement of other relating timing differences cannot be made.

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

19 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	126,152	317,781

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,110 Ordinary shares of £1 each	1,110	1,110
250 Ordinary 'A' shares of £1 each	250	250
250 Ordinary 'B' shares of £1 each	250	250
100 Ordinary 'C' shares of £1 each	100	100
200 Ordinary 'E' shares of £1 each	200	200
200 Ordinary 'F' shares of £1 each	200	200
948 Ordinary 'G' shares of £1 each	948	948
	3,058	3,058

Only the Ordinary shares carry voting rights.

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for property, plant and equipment.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	57,195	41,833
Between two and five years	124,776	167,330
	181,971	209,163

CONSTRUCTION PARTNERSHIP UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

22 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption permitted under Section 33 'Related Party Disclosures' paragraph 33.1A from disclosing transactions with the parent and wholly owned fellow subsidiary companies.

During the period the company entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Fellow subsidiary companies	1,494,629	1,381,286	1,730,576	555,343
Other related parties	-	-	290,916	107,316
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019	2018
	£	£
Fellow subsidiary companies	<u>191,107</u>	<u>111,188</u>

23 Ultimate controlling party

The company is a wholly owned subsidiary of CPUK Commercial Holdings Limited, which is the ultimate parent company incorporated in England and Wales.

CPUK Commercial Holdings Limited heads the only group the accounts are consolidated within and their accounts are publically available from Companies House, Cardiff.