Company Registration No. 06279909 (England and Wales)

JOHN DOHERTY HOLDINGS LIMITED

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

JOHN DOHERTY HOLDINGS LIMITED

COMPANY INFORMATION

Director	Mr John Doherty
Company number	06279909
Registered office	International House Zone 4a, Bayton Road Exhall Coventry CV7 9EJ
Auditor	Thomas & Young Limited Carleton House 266-268 Stratford Road Shirley Solihull B90 3AD
Bankers	HSBC Church Green West Redditch B97 4EA
Solicitors	Kundert Solicitors LLP 3 Copthill House Station Square Coventry CV1 2FD

JOHN DOHERTY HOLDINGS LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2019

The director presents the strategic report for the year ended 31 July 2019.

Fair review of the business

The group is principally engaged in providing specialist trenchless solutions to the construction/civil engineering sector, using a variety of tunnelling and shaft sinking techniques including pipe jacking, micro tunnelling, auger boring, traditional timber headings, shaft sinking for pumping stations and other traditional methods for water, sewer, oil, gas, chemical, rising mains, gravity mains, foul sewer and utilities under motorways, roads, runways, rail, canals, waterways and buildings.

The group is growing as a business. We are using the clients buying power to purchase materials to achieve optimum project values and customer relationships.

The group has improved overall operating profit by 15%. In the year the group had continued to invest in its most valuable asset, people, to accommodate the increase and ensure seamless planning to project completion.

Development and performance

The group has maintained an exceptional safety record in the year and has won a number of awards for contractor HS&E excellence.

The group has been nominated as finalists in the International Tunnelling Awards for Tunnelling Project of the Year and also Innovative Shaft Design and Construction.

The group is working to a UKAS approved integrated management system which covers ISO 9001:2015, 14001, OHAS 418001 and is making continual improvements throughout the business such as ISO 27001 information security management certification. We remain committed to the pursuit of environmental targets in the reduction of waste on our sites and offices, and energy saving where possible to reduce our carbon footprint. Investment in telematic software enables the group to reduce waste, loss, carbon emissions and cost in its transport and plant departments.

The group continues to work to the "collaborate working standard ISO 44001:2017", with our partners, which is now in the fourth year of accreditation.

This standard is changing the behaviours of the industry by bringing together all parties to work together to achieve optimum project values by early project involvement, collaborative planning, innovative thinking and being efficient. It strives to optimise the benefits of joint working, with specific phases, looking to refine processes, reduce duplication and address the creation of additional value.

The prospects for the coming year are looking encouraging for the business with the AMP7 (the seventh Asset Management Period planned by the UK Water Industry) opportunities being discussed and HS2 works already being executed.

On behalf of the board

J Doherty

Mr John Doherty

Director

21-11-19

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2019

The director presents his annual report and financial statements for the year ended 31 July 2019.

Principal activities
The principal activity of the company continued to be that of a holding company.

The principal activity of its subsidiary undertakings continued to be that of civil engineering and underground tunnelling.

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr John Doherty

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £135,000. The director does not recommend payment of a further dividend.

Auditor
The auditor, Thomas and Young Limited, 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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

J Doherty
....
Mr John Doherty
Director

Date: 21-11-19

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2019

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is 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 group and company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion
We have audited the financial statements of John Doherty Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 group's and the parent company's affairs as at 31 July 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 director is 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 director
As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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.

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.

JCarty

James Carty ACA FCCA (Senior Statutory Auditor)
for and on behalf of Thomas & Young Limited

25 November 2019

Chartered Accountants
Statutory Auditor

Carleton House
266-268 Stratford Road
Shirley
Solihull
B90 3AD

JOHN DOHERTY HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2018 £
Turnover	3	16,228,590	10,929,367
Cost of sales		(13,646,017)	(8,653,922)
Gross profit		2,582,573	2,275,445
Administrative expenses		(1,691,859)	(1,474,461)
Other operating income		31,819	-
Operating profit	4	922,533	800,984
Interest payable and similar expenses	7	(54,280)	(34,036)
Profit before taxation		868,253	766,948
Tax on profit	8	202,234	147,009
Profit for the financial year		1,070,487	913,957
Other comprehensive income			
Revaluation of tangible fixed assets		-	131,914
Tax relating to other comprehensive income		-	(25,064)
Total comprehensive income for the year		1,070,487	1,020,807

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

JOHN DOHERTY HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 JULY 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	**10**		2,970,513		2,978,647
Current assets					
Stocks	**14**	469,703		211,601	
Debtors	**15**	4,256,537		3,229,652	
Cash at bank and in hand		664,181		470,815	
		5,390,421		3,912,068	
Creditors: amounts falling due within one year	**16**	(3,160,511)		(2,560,238)	
Net current assets			2,229,910		1,351,830
Total assets less current liabilities			5,200,423		4,330,477
Creditors: amounts falling due after more than one year	**17**		(390,652)		(464,650)
Provisions for liabilities	**20**		(258,291)		(249,834)
Net assets			4,551,480		3,615,993
Capital and reserves					
Called up share capital	**22**		100		100
Revaluation reserve			106,850		106,850
Profit and loss reserves			4,444,530		3,509,043
Total equity			4,551,480		3,615,993

The financial statements were approved and signed by the director and authorised for issue on ....21-11-19....

J Doherty
....
Mr John Doherty
Director

JOHN DOHERTY HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 JULY 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	**10**		1,259,204		1,205,650
Investments	**11**		2,100		2,100
			1,261,304		1,207,750
Current assets					
Debtors	**15**	127,032		31,200	
Cash at bank and in hand		49,682		43,409	
		176,714		74,609	
Creditors: amounts falling due within one year	**16**	(507,981)		(417,491)	
Net current liabilities			(331,267)		(342,882)
Total assets less current liabilities			930,037		864,868
Creditors: amounts falling due after more than one year	**17**		(245,939)		(273,072)
Provisions for liabilities	**20**		(25,064)		(25,064)
Net assets			659,034		566,732
Capital and reserves					
Called up share capital	**22**		100		100
Revaluation reserve			106,850		106,850
Profit and loss reserves			552,084		459,782
Total equity			659,034		566,732

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £227,302 (2018 - £207,603 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and signed by the director and authorised for issue on ...21-11-19...

J Doherty
....
Mr John Doherty
Director

Company Registration No. 06279909

JOHN DOHERTY HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2019

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 August 2017		100	-	2,730,086	2,730,186
Year ended 31 July 2018:					
Profit for the year		-	-	913,957	913,957
Other comprehensive income:					
Revaluation of tangible fixed assets		-	131,914	-	131,914
Tax relating to other comprehensive income		-	(25,064)	-	(25,064)
Total comprehensive income for the year		-	106,850	913,957	1,020,807
Dividends	9	-	-	(135,000)	(135,000)
Balance at 31 July 2018		100	106,850	3,509,043	3,615,993
Year ended 31 July 2019:					
Profit and total comprehensive income for the year		-	-	1,070,487	1,070,487
Dividends	9	-	-	(135,000)	(135,000)
Balance at 31 July 2019		100	106,850	4,444,530	4,551,480

JOHN DOHERTY HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2019

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 August 2017		100	-	387,179	387,279
Year ended 31 July 2018:					
Profit for the year		-	-	207,603	207,603
Other comprehensive income:					
Revaluation of tangible fixed assets		-	131,914	-	131,914
Tax relating to other comprehensive income		-	(25,064)	-	(25,064)
Total comprehensive income for the year		-	106,850	207,603	314,453
Dividends	9	-	-	(135,000)	(135,000)
Balance at 31 July 2018		100	106,850	459,782	566,732
Year ended 31 July 2019:					
Profit and total comprehensive income for the year		-	-	227,302	227,302
Dividends	9	-	-	(135,000)	(135,000)
Balance at 31 July 2019		100	106,850	552,084	659,034

JOHN DOHERTY HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	25		1,064,627		6,473
Interest paid			(54,280)		(34,036)
Income taxes refunded			240,286		205,585
Net cash inflow from operating activities			1,250,633		178,022
Investing activities					
Purchase of tangible fixed assets		(180,687)		(681,420)	
Net cash used in investing activities			(180,687)		(681,420)
Financing activities					
Repayment of borrowings		(168,249)		(107,797)	
Repayment of bank loans		(26,986)		(26,986)	
Payment of finance leases obligations		34,307		221,073	
Dividends paid to equity shareholders		(135,000)		(135,000)	
Net cash used in financing activities			(295,928)		(48,710)
Net increase/(decrease) in cash and cash equivalents			774,018		(552,108)
Cash and cash equivalents at beginning of year			(109,837)		442,271
Cash and cash equivalents at end of year			664,181		(109,837)
Relating to:					
Cash at bank and in hand			664,181		470,815
Bank overdrafts included in creditors payable within one year			-		(580,652)

1 Accounting policies

Company information

John Doherty Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is International House, Zone 4a, Bayton Road, Exhall, Coventry, CV7 9EJ.

The group consists of John Doherty Holdings Limited and all of its subsidiaries.

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 under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of John Doherty Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 *Going concern*

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	No depreciation
Plant and machinery	10% reducing balance
Fixtures, fittings & equipment	10% reducing balance
Computer equipment	15% and 33.3% reducing balance
Motor vehicles	25% reducing balance

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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies (Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the group 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

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

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 group'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, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 Accounting policies **(Continued)**

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and.the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Sales	15,378,278	10,158,273
Management charges	775,312	771,094
Rent received	75,000	-
	16,228,590	10,929,367

	2019	2018
	£	£
Turnover analysed by geographical market		
United KIngdom	16,228,590	10,929,367

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	163,551	123,309
Depreciation of tangible fixed assets held under finance leases	25,270	1,958
(Profit)/loss on disposal of tangible fixed assets	-	27,113
Cost of stocks recognised as an expense	8,230,331	4,499,050

5 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	2,850	4,800
Audit of the financial statements of the company's subsidiaries	11,282	6,900
	14,132	11,700

6 Employees

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

	Group 2019	2018	Company 2019	2018
	Number	Number	Number	Number
Direct	13	14	-	-
Indirect	13	13	-	-
Directors	3	2	-	-
	29	29	-	-

Their aggregate remuneration comprised:

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Wages and salaries	1,683,888	1,466,398	-	-
Social security costs	141,292	135,517	-	-
Pension costs	124,024	121,412	-	-
	1,949,204	1,723,327	-	-

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,141	9,806
Other interest on financial liabilities	48,090	24,230
	54,231	34,036
Other finance costs:		
Other interest	49	-
Total finance costs	54,280	34,036

8 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	145,070	115,475
Adjustments in respect of prior periods	(355,761)	(286,080)
Total current tax	(210,691)	(170,605)
Deferred tax		
Origination and reversal of timing differences	8,457	23,596
Total tax credit	(202,234)	(147,009)

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

	2019	2018
	£	£
Profit before taxation	868,253	766,948
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	164,968	145,720
Tax effect of expenses that are not deductible in determining taxable profit	1,129	6,318
Permanent capital allowances in excess of depreciation	(21,027)	(36,563)
Research and development tax credit	(355,761)	(286,080)
Deferred tax adjustments in respect of prior years	8,457	23,596
Taxation credit	(202,234)	(147,009)

8 Taxation (Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£	£
Deferred tax arising on:		
Revaluation of property	-	25,064

9 Dividends

	2019	2018
	£	£
Interim paid	135,000	135,000

10 Tangible fixed assets

Group	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 August 2018	1,205,650	3,445,893	46,536	66,539	248,986	5,013,604
Additions	53,554	117,950	-	9,183	-	180,687
At 31 July 2019	1,259,204	3,563,843	46,536	75,722	248,986	5,194,291
Depreciation and impairment						
At 1 August 2018	-	1,735,408	32,508	55,964	211,077	2,034,957
Depreciation charged in the year	-	173,014	1,403	4,927	9,477	188,821
At 31 July 2019	-	1,908,422	33,911	60,891	220,554	2,223,778
Carrying amount						
At 31 July 2019	1,259,204	1,655,421	12,625	14,831	28,432	2,970,513
At 31 July 2018	1,205,650	1,710,485	14,028	10,575	37,909	2,978,647

10 Tangible fixed assets **(Continued)**

Company

	Land and buildings
	£
Cost or valuation	
At 1 August 2018	1,205,650
Additions	53,554
At 31 July 2019	1,259,204
Depreciation and impairment	
At 1 August 2018 and 31 July 2019	-
Carrying amount	
At 31 July 2019	1,259,204
At 31 July 2018	1,205,650

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Plant and machinery	325,722	233,042	-	-

Land with a carrying amount of £450,000 was revalued at 30 October 2018 by Bruton Knowles, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cost	371,639	318,085	371,639	318,085
Accumulated depreciation	-	-	-	-
Carrying value	371,639	318,085	371,639	318,085

11 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries	12	-	-	2,100	2,100

Movements in fixed asset investments

Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 August 2018 and 31 July 2019	2,100
Carrying amount	
At 31 July 2019	2,100
At 31 July 2018	2,100

12 Subsidiaries

Details of the company's subsidiaries at 31 July 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	Indirect
Active Tunnelling Construction Limited	International House, Zone 4a, Bayton Road, Exhall, Coventry, CV7 9EJ	Ordinary	100.00	
Active Tunnelling Limited	As above	Ordinary	100.00	
Connect Pipeline Limited	As above	Ordinary	100.00	

12 Subsidiaries **(Continued)**

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Active Tunnelling Construction Limited	91,893	32,897
Active Tunnelling Limited	3,801,653	945,288
Connect Pipeline Limited	1,000	-

13 Financial instruments

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,423,338	847,811	123,808	31,200
Carrying amount of financial liabilities				
Measured at amortised cost	2,830,260	2,764,182	747,786	676,435

14 Stocks

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Raw materials and consumables	469,703	211,601	-	-

15 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,107,272	685,544	-	-
Gross amounts owed by contract customers	2,683,504	2,133,514	-	-
Other debtors	319,290	276,014	127,032	31,200
Prepayments and accrued income	146,471	134,580	-	-
	4,256,537	3,229,652	127,032	31,200

16 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	18	42,580	623,085	42,580	42,433
Obligations under finance leases	19	110,667	73,691	-	-
Other borrowings	18	44,196	168,249	-	92,485
Trade creditors		1,543,736	1,023,642	-	379
Amounts owed to group undertakings		-	-	452,508	259,857
Corporation tax payable		145,070	115,475	6,134	13,440
Other taxation and social security		575,833	145,231	-	688
Other creditors		402,150	82,528	2,000	2,000
Accruals and deferred income		296,279	328,337	4,759	6,209
		3,160,511	2,560,238	507,981	417,491

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	18	245,939	273,072	245,939	273,072
Obligations under finance leases	19	144,713	147,382	-	-
Other borrowings	18	-	44,196	-	-
		390,652	464,650	245,939	273,072

Amounts included above which fall due after five years are as follows:

Payable by instalments	65,790	98,311	65,790	98,311

18 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	288,519	315,505	288,519	315,505
Bank overdrafts	-	580,652	-	-
Other loans	44,196	212,445	-	92,485
	332,715	1,108,602	288,519	407,990
Payable within one year	86,776	791,334	42,580	134,918
Payable after one year	245,939	317,268	245,939	273,072

18 Loans and overdrafts ***(Continued)***

The bank loans and overdrafts are secured by a fixed charge over the company's assets.

19 Finance lease obligations

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	110,667	73,691	-	-
In two to five years	144,713	147,382	-	-
	255,380	221,073	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Liabilities 2019	Liabilities 2018
Group	£	£
Accelerated capital allowances	233,227	224,770
Revaluations	25,064	25,064
	258,291	249,834

	Liabilities 2019	Liabilities 2018
Company	£	£
Revaluations	25,064	25,064

20 Deferred taxation (Continued)

Movements in the year:	Group 2019 £	Company 2019 £
Liability at 1 August 2018	249,834	25,064
Charge to other comprehensive income	8,457	-
Liability at 31 July 2019	258,291	25,064

21 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	124,024	121,412

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

23 *Related party transactions*

Transactions with related parties

During the year the group was charged costs of £3,686,644 (2018 : £3,068,202) from Trenchless Plant Limited, a company under common control. In addition, the group recharged costs to Trenchless Plant Limited amounting to £886,898 (2018 : £619,448). At the balance sheet date there was an amount of £117,670 (2018 : £150,134) owed by Trenchless Plant Limited and this is included in debtors due within one year.

Also during the year, the group recharged costs of £36,277 (2018 - £nil) to Active Crane Hire Limited, a company under common control. At the balance sheet date there was an amount of £36,277 (2018 - £nil) owed by Active Crane Hire Limited and this is included in debtors due within one year.

24 Controlling party

The company is under the control of Mr John Doherty, the majority shareholder.

25 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	1,070,487	913,957
Adjustments for:		
Taxation credited	(202,234)	(147,009)
Finance costs	54,280	34,036
(Gain)/loss on disposal of tangible fixed assets	-	27,113
Depreciation and impairment of tangible fixed assets	188,821	125,267
Movements in working capital:		
Increase in stocks	(258,102)	(110,111)
Increase in debtors	(1,026,885)	(505,921)
Increase/(decrease) in creditors	1,238,260	(330,859)
Cash generated from operations	1,064,627	6,473