

**PREPARED FOR THE REGISTRAR
HIGHNAM CONSTRUCTION LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

Highnam Construction Limited

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Highnam Construction Limited

Company Information

Directors Mrs K Head
 Mr C Head

Company secretary Mrs K Head

Registered office Staverton Court
 Staverton
 Cheltenham
 Gloucestershire
 GL51 0UX

Accountants Hazlewoods LLP
 Staverton Court
 Staverton
 Cheltenham
 Gloucestershire
 GL51 0UX

Highnam Construction Limited**(Registration number: 06562437)****Balance Sheet as at 31 August 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>4</u>	<u>9,277</u>	<u>1,643</u>
Current assets			
Stocks		19,694	13,373
Debtors	<u>5</u>	<u>1,348,596</u>	<u>1,233,601</u>
Cash at bank and in hand		<u>64,132</u>	<u>3,607</u>
		1,432,422	1,250,581
Creditors: Amounts falling due within one year	<u>6</u>	<u>(566,269)</u>	<u>(595,180)</u>
Net current assets		<u>866,153</u>	<u>655,401</u>
Total assets less current liabilities		875,430	657,044
Creditors: Amounts falling due after more than one year	<u>6</u>	<u>(37,500)</u>	<u>(50,000)</u>
Deferred tax liabilities	<u>8</u>	<u>(2,264)</u>	<u>(281)</u>
Net assets		<u>835,666</u>	<u>606,763</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>835,566</u>	<u>606,663</u>
Total equity		<u>835,666</u>	<u>606,763</u>

For the financial year ending 31 August 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 22 August 2022 and signed on its behalf by:

Mr C Head
Director

The notes on pages 3 to 8 form an integral part of these financial statements.

Highnam Construction Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

The principal place of business is:

The Coach House
Highnam Court
Highnam
Gloucestershire
GL2 8DP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting 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 amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Highnam Construction Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

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 balance sheet date. This is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. 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. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Turnover from the sale of goods not accounted for as a construction contract is recognised when the goods are physically delivered to the customer.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	25% reducing balance
Motor vehicles	25% reducing balance

Highnam Construction Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Highnam Construction Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Where the company transfers substantially all the risks and rewards of ownership, the arrangement is classified as a finance lease and a receivable is recognised at an amount equal to the net investment in the lease. Recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was as follows:

	2021 No.	2020 No.
Average number of employees	9	9

Highnam Construction Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

4 Tangible assets

	Office equipment £	Total £
Cost		
At 1 September 2020	6,494	6,494
Additions	9,359	9,359
At 31 August 2021	15,853	15,853
Depreciation		
At 1 September 2020	4,851	4,851
Charge for the year	1,725	1,725
At 31 August 2021	6,576	6,576
Carrying amount		
At 31 August 2021	9,277	9,277
At 31 August 2020	1,643	1,643

5 Debtors

	2021 £	2020 £
Trade debtors	2,340	-
Other debtors	567,488	480,200
Prepayments	-	1,485
Gross amount due from customers for contract work	778,768	751,916
	1,348,596	1,233,601

6 Creditors

	2021 £	2020 £
Due within one year		
Loans and borrowings	10,000	-
Trade creditors	257,981	293,874
Social security and other taxes	16,415	10,801
Other creditors	225,000	225,000
Accrued expenses	4,355	4,120
Corporation tax liability	52,518	61,385
	566,269	595,180
Due after one year		
Loans and borrowings	27,500	-
Other non-current financial liabilities	10,000	50,000
	37,500	50,000

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Notes to the Financial Statements for the Year Ended 31 August 2021

7 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Other borrowings	10,000	-
	<hr/>	<hr/>
	2021 £	2020 £
Non-current loans and borrowings		
Other borrowings	27,500	-
	<hr/>	<hr/>

8 Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Difference between accumulated depreciation and amortisation and capital	2,319
Short term timing differences	(14)
Losses and other deductions	(41)
	<hr/>
	2,264
	<hr/>
	Liability £
2020	
Difference between accumulated depreciation and amortisation and capital	312
Short term timing differences	-
Losses and other deductions	(31)
	<hr/>
	281
	<hr/>

9 Related party transactions

Transactions with directors

During the year the company made the following related party transactions:

K Head Developments Limited

(A company controlled by Mrs K Head)

Included in other debtors is an interest free loan to K Head Developments Limited. At the balance sheet date the amount due from K Head Developments Limited was £567,488 (2020 - £460,394).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.