

**CAREY LONDON LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**

**Riordan O'Sullivan & Co**  
Chartered Certified Accountants and Statutory Auditors  
40 Chamberlayne Road  
London  
NW10 3JE

# CAREY LONDON LIMITED

## COMPANY INFORMATION

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**Directors**

M Carey  
E Cosgrove  
D Hockley  
E Carty

**Company secretary**

E Cosgrove

**Registered number**

07707155

**Registered office**

Unit E1  
The Courtyard  
Alban Park  
St.Albans  
AL4 0LA

**Independent auditors**

Riordan O'Sullivan & Co  
Chartered Certified Accountants & Statutory Auditors  
40 Chamberlayne Road  
London  
NW10 3JE

**Bankers**

Svenska Handelsbanken AB (Publ)  
3 Thomas More Street  
St Katherine's & Wapping  
London  
E1W 1WY

Allied Irish Bank (GB)  
202 Finchley Rd  
London  
NW3 6BX

# CAREY LONDON LIMITED

## CONTENTS

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	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Analysis of Net Debt	13
Notes to the Financial Statements	14 - 24

# CAREY LONDON LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

The directors present the strategic report for the year ended 31 July 2020.

### Key performance indicators

		2020	2019	2018	2017
Turnover	£'000	35,208	36,367	34,839	26,731
Profit before tax	£'000	4,729	6,185	3,996	5,185
Profit margin	%	13.43	17.01	11.47	19.40
Balance sheet strength	£'000	17,621	15,651	11,022	7,502

### Business review

The company achieved profits of £4.7 million before tax on turnover of £35.2 million against profits of £6.2 million before tax from turnover of £36.4 million the year before and our balance sheet strengthened to £17.6 million from £15.6 million.

Pricing remained challenging in a competitive market and costs continue to rise especially so in tradesmen's wages and raw material costs. The final quarter results were affected by the lockdown imposed by the government over Covid-19. A number of construction sites were closed and the others operated with some delays. The directors, nevertheless, consider the results for the year to be satisfactory.

### Future prospects

The current year started slow as the industry was trying to get back to normality with new social distancing measures in place. We do not know how long this slowdown will last and the longer term impact to the construction industry remains to be seen. A trade deal has been reached with the EU so the directors believe that confidence will eventually renewed in the UK construction sector and in the UK economy generally.

We therefore anticipate a reduction in turnover and profit this year although we have a satisfactory order book from well-established customers, we continue to expect the strength of our company, with its strong and liquid balance sheet and our dedicated and experienced team and reputation in our sector, to resume the delivery of a consistent, timely and quality service to our valued customers once construction activity gets back to normal and to generate profit and positive cashflow.

### Principal risks and uncertainties

Construction is a high risk competitive sector and there are a number of uncertainties which could have an impact on the company's performance and could cause results to differ substantially from historical profits and future projections. However, we have well established systems and procedures in place to help avoid or minimise risks to the company. The principal risks for our company include the following:

#### Credit risk

The company's credit risks are mainly attributable to the amounts receivable from our customers for services carried out. Our policy therefore remains to have a good mix of long standing and established customers and we have a financial and management reporting system that monitors our customers and our debtor book on a day to day basis.

# CAREY LONDON LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### Liquidity risk

The company finances its operations through a mixture of cash reserves, trade and intercompany debtors including receivables from contracts less trade creditors and hire purchases. Therefore, the directors are confident that they can meet their obligations as they fall due.

### Health and safety risk

At Carey London Limited, health and safety remains top of our priorities.

Carey London Limited has in place a robust health and safety policy that is constantly under review. The key to our success is we are always exceeding the industry standards and never rest on our laurels. We are constantly looking at new innovative ideas to carry out our works whilst ensuring our work force are fully protected at all times. This is done by Carey London Limited continually investing in new plant & equipment, formwork systems and Work at Height access equipment. While at the same time ensuring we have a fully trained and competent workforce to successfully carry out the tasks on hand.

Our Integrated Management System are accredited to various standards such as ISO 9001 & 14001, Achilles, SMAS & CHAS. This management system provides the framework and procedures to help identify and control our health & safety risks and aid legislative compliance.

### Covid - 19

Although all our sites are now operational with additional health and safety procedures and social distancing guidelines in place, the uncertainties around Covid-19 continue to exist. While the directors remain fully informed and vigilant about risks of Covid-19, they are also optimistic that the company's strong and liquid balance sheet and its long standing and experienced team should see us through the business disruption caused by the pandemic.

### Going concern

The company made a £4.7 million profit during the year and it has a £17.6 million balance sheet with strong liquidity. Business confidence in the construction sector continues and we have a satisfactory order book from well-established customers. Therefore, the directors are confident that the company can continue to trade successfully and continue to provide an excellent and reliable service to our customers for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

### Payment to suppliers

We continuously assess and monitor our suppliers who are a crucial part of to the success of our business. Payment to our suppliers and subcontractors is managed by ensuring sufficient funds are available to meet liabilities as they fall due. Terms and conditions of payment and supply are agreed in advance and the company endeavours to adhere to its side of the agreement. In line with normal practice in the industry most tradesmen are paid weekly and generally other suppliers are paid at the end of the month following the month of supply.

# CAREY LONDON LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### **Our people, training and employee involvement**

The company's success is attributable to our team of skilled, experienced and dedicated directors, management, tradesmen and support staff, of whom we are proud and most of whom are long term and committed Carey London employees.

We continue to invest in the life-long training and development of our staff so that we offer a career path that helps retain and enhance the skills, talents and experience required to deliver best service to our valued customers and so that we offer the challenge, training, motivation and career development expected by the best employees throughout their working life. We never forget that it is our employees that will ensure the continuing success of our company into the future.

Our short chain of command keeps us in constant dialogue with our employees and keeps them abreast of company activity, performance, quality control, training, health and safety, environmental issues, planning and future prospects.

We remain an equal opportunity employer without reference to age, ethnicity or gender and we are opposed to all forms of discrimination. We continue our policy regarding the employment of disabled persons and fair consideration is given to applications for employment by disabled persons where the requirement of the job can be adequately fulfilled by a handicapped person.

I extend my sincere thanks to all our staff for their continuing dedication and commitment and I hope they continue to work on developing a life-long and rewarding career where they feel valued and respected and a part of the on-going success of Carey London Limited.

### **Corporate social responsibility**

The directors believe that the long term interests of the company, its employees and its customers are best served by acting in a corporate social manner. The company, therefore, ensures that high standards are maintained. Throughout the year the company and its employees have supported many worthy causes and charities and in conjunction with our clients we continue to offer employment to local tradesmen and support staff in our areas of operation.

### **The future**

The board looks forward with confidence to continue the success of the company into the future.

This report was approved by the board on 18 December 2020 and signed on its behalf.

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M Carey  
Director

# CAREY LONDON LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

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The directors present their report and the financial statements for the year ended 31 July 2020.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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 to 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.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, people, training and health and safety.

### Principal activity

The principal activity of the company is that of groundworks and reinforced concrete frame contracting.

### Results and dividends

The profit for the year, after taxation, amounted to £4,219,898 (2019 - £5,178,859).

Interim dividends were paid amounting to £2,250,000 (2019: £550,000). The directors do not recommend payment of a further dividend.

### Directors

The directors who served during the year were:

M Carey  
E Cosgrove  
D Hockley  
E Carty

# CAREY LONDON LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Under section 487(2) of the Companies Act 2006, Riordan O'Sullivan & Co, Chartered Certified Accountants and Statutory Auditors, are deemed to be reappointed as auditors.

This report was approved by the board on 18 December 2020 and signed on its behalf.

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M Carey  
Director



# CAREY LONDON LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED

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### Opinion

We have audited the financial statements of Carey London Limited (the 'company') for the year ended 31 July 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Auditors' 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

## CAREY LONDON LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED (CONTINUED)

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required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept; 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 on page 4, 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.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

## CAREY LONDON LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAREY LONDON LIMITED (CONTINUED)

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#### Use of our report

This report is made solely to the company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Patrick McNamara (Senior Statutory Auditor)

for and on behalf of

**Riordan O'Sullivan & Co**

Chartered Certified Accountants & Statutory Auditors

40 Chamberlayne Road

London

NW10 3JE

18 December 2020

# CAREY LONDON LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 £	2019 £
Turnover	4	35,208,276	36,367,290
Cost of sales		(28,034,766)	(27,972,433)
<b>Gross profit</b>		<b>7,173,510</b>	<b>8,394,857</b>
Administrative expenses		(2,531,969)	(2,249,981)
Other operating income	5	40,267	-
<b>Operating profit</b>	6	<b>4,681,808</b>	<b>6,144,876</b>
Interest receivable and similar income	10	51,700	51,028
Interest payable and similar expenses	11	(4,325)	(10,584)
<b>Profit before tax</b>		<b>4,729,183</b>	<b>6,185,320</b>
Taxation	12	(509,285)	(1,006,461)
<b>Profit for the financial year</b>		<b>4,219,898</b>	<b>5,178,859</b>

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

**CAREY LONDON LIMITED**  
**REGISTERED NUMBER:07707155**

**BALANCE SHEET**  
**AS AT 31 JULY 2020**

	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Fixed assets</b>			
Tangible assets	14	<b>6,863,474</b>	6,763,690
		<b>6,863,474</b>	6,763,690
<b>Current assets</b>			
Debtors	15	<b>13,000,601</b>	10,326,261
Cash at bank and in hand		<b>6,085,451</b>	9,497,460
		<b>19,086,052</b>	19,823,721
Creditors: amounts falling due within one year	16	<b>(7,879,881)</b>	(10,593,869)
<b>Net current assets</b>		<b>11,206,171</b>	9,229,852
<b>Total assets less current liabilities</b>		<b>18,069,645</b>	15,993,542
<b>Provisions for liabilities</b>			
Deferred tax	18	<b>(448,973)</b>	(342,768)
		<b>(448,973)</b>	(342,768)
<b>Net assets</b>		<b>17,620,672</b>	15,650,774
<b>Capital and reserves</b>			
Called up share capital	19	<b>1,000</b>	1,000
Profit and loss account		<b>17,619,672</b>	15,649,774
		<b>17,620,672</b>	15,650,774

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2020.

**M Carey**  
Director

**E Cosgrove**  
Director

The notes on pages 14 to 24 form part of these financial statements.

# CAREY LONDON LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 August 2018</b>	<b>1,000</b>	<b>11,020,915</b>	<b>11,021,915</b>
Profit for the year	-	5,178,859	5,178,859
Dividends	-	(550,000)	(550,000)
<b>At 1 August 2019</b>	<b>1,000</b>	<b>15,649,774</b>	<b>15,650,774</b>
Profit for the year	-	4,219,898	4,219,898
Dividends	-	(2,250,000)	(2,250,000)
<b>At 31 July 2020</b>	<b>1,000</b>	<b>17,619,672</b>	<b>17,620,672</b>

# CAREY LONDON LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,219,898	5,178,859
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,197,694	845,575
Loss on disposal of tangible assets	15,338	257,349
HP Interest paid	4,325	10,584
Interest received	(51,700)	(51,028)
Taxation charge	509,285	1,006,461
Decrease/(increase) in debtors	459,881	(1,286,037)
Increase in amounts owed by related undertakings	(3,134,220)	(1,821,959)
(Decrease)/increase in creditors	(2,258,470)	3,598,525
Increase/(decrease) in amounts owed to related undertakings	-	(401,200)
Corporation tax paid	(744,968)	(684,263)
<b>Net cash generated from operating activities</b>	<b>217,063</b>	<b>6,652,866</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,781,816)	(2,855,014)
Sale of tangible fixed assets	469,000	353,334
Interest received	51,700	51,028
HP interest paid	(4,325)	(10,584)
<b>Net cash from investing activities</b>	<b>(1,265,441)</b>	<b>(2,461,236)</b>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(113,631)	(352,904)
Dividends paid	(2,250,000)	(550,000)
<b>Net cash used in financing activities</b>	<b>(2,363,631)</b>	<b>(902,904)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,412,009)</b>	<b>3,288,726</b>
Cash and cash equivalents at beginning of year	9,497,460	6,208,734
<b>Cash and cash equivalents at the end of year</b>	<b>6,085,451</b>	<b>9,497,460</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,085,451	9,497,460
	<b>6,085,451</b>	<b>9,497,460</b>

# CAREY LONDON LIMITED

## ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 JULY 2020

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	At 1 August 2019 £	Cash flows £	At 31 July 2020 £
Cash at bank and in hand	9,497,460	(3,412,009)	6,085,451
Debt due within 1 year	(3,066)	36	(3,030)
Finance leases	(113,631)	113,631	-
	<u>9,380,763</u>	<u>(3,298,342)</u>	<u>6,082,421</u>

The notes on pages 14 to 24 form part of these financial statements.



# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 1. General information

Carey London Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit E1, The Courtyard, Alban Park, St Albans, AL4 0LA.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Financial statements are prepared in sterling which is the functional currency of the company.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The Directors' Report and the Strategic Report sets out the company's business activities, and highlights the factors which may impact on its financial performance, market position and future prospects.

The Strategic Report also provides information in relation to the company's financial and liquidity position, details of its financial instruments, management of capital and exposure to credit and liquidity risk.

The company has a strong balance sheet and a substantial order book for the twelve months from the date of approval of these financial statements and its forecasts indicate that it will continue to generate profit and positive cash flows for the foreseeable future.

As a consequence, the directors believe that the company has adequate resources to continue in operational existence and that it is well placed to continue to manage its business risks successfully. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 2.3 Turnover

Turnover from contracting activities is recognised at the fair value of the consideration received or receivable in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 2.4 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.

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 2. Accounting policies (continued)

#### 2.4 Tangible fixed assets (continued)

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 basis:

Plant and machinery	- Range between 10% - 20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 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 credited or charged to profit or loss.

#### 2.5 Amount recoverable on contracts

Amounts recoverable on contracts, including work-in-progress, are shown within debtors and are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Turnover and related costs are recorded as contract activity progresses. An appropriate proportion of the anticipated contract profit or loss is recognised as the contract activity progresses commensurate with performance and anticipated final outcome. Excess progress payments are included in creditors as payments received on account.

#### 2.6 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probable requires settlement by transfer or economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### 2.7 Cash at bank and in hand

Cash at bank and in hand 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.

#### 2.8 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.

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 2. Accounting policies (continued)

#### 2.9 Equity Instruments

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

#### 2.10 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employer'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.

#### 2.12 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 2. Accounting policies (continued)

#### 2.13 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements under FRS 102 requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the year. Actual outcome may therefore differ from these estimates and assumptions. The estimates and assumptions that have the most significant impact on the carrying values of assets and liabilities of the company within the next financial year are detailed as follows:

#### Long term contracts

Recognition of revenue and profit on long term contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the balance sheet date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

#### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as technological innovations, maintenance and projected disposal values.

### 4. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 5. Other operating income

	2020 £	2019 £
Government grants receivable	40,267	-
	<u>40,267</u>	<u>-</u>

### 6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of owned tangible fixed assets	1,197,694	688,729
Depreciation of tangible fixed assets held under hire purchase contracts	-	156,846
Loss on disposal of tangible fixed assets	<u>15,338</u>	<u>257,349</u>

### 7. Auditors' remuneration

Fees payable to the company's auditors:

Audit-related assurance services	15,000	15,000
Other services	16,950	25,000
	<u>31,950</u>	<u>40,000</u>

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	949,479	599,004
Social security costs	119,830	75,018
Pension costs	7,934	4,123
	<u>1,077,243</u>	<u>678,145</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
	<u>16</u>	<u>10</u>
Administration and technical		

### 9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>274,333</u>	<u>433,654</u>

### 10. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>51,700</u>	<u>51,028</u>

### 11. Interest payable and similar expenses

	2020 £	2019 £
Finance leases and hire purchase contracts	<u>4,325</u>	<u>10,584</u>

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 12. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	804,171	1,124,548
Research and development tax credit	(401,091)	(238,930)
<b>Deferred tax</b>		
Origination and reversal of timing differences	106,205	120,843
<b>Taxation on profit on ordinary activities</b>	<u>509,285</u>	<u>1,006,461</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>4,729,183</u>	<u>6,185,320</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	898,545	1,175,211
<b>Effects of:</b>		
Expenses not deductible for tax purposes	46,784	70,180
Capital allowances for year in excess of depreciation	(144,072)	(169,739)
Origination and reversal of timing differences	106,205	120,843
Research and development tax credit	(401,091)	(238,930)
Loss on disposal of fixed assets	2,914	48,896
<b>Total tax charge for the year</b>	<u>509,285</u>	<u>1,006,461</u>

### 13. Dividends

	2020 £	2019 £
Interim dividend paid	<u>2,250,000</u>	<u>550,000</u>

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 August 2019	9,553,398	100,835	83,625	9,737,858
Additions	1,755,701	19,000	7,115	1,781,816
Disposals	(747,194)	-	-	(747,194)
At 31 July 2020	10,561,905	119,835	90,740	10,772,480
<b>Depreciation</b>				
At 1 August 2019	2,874,654	49,469	50,045	2,974,168
Charge for the year	1,170,869	16,800	10,025	1,197,694
Disposals	(262,856)	-	-	(262,856)
At 31 July 2020	3,782,667	66,269	60,070	3,909,006
<b>Net book value</b>				
At 31 July 2020	<u>6,779,238</u>	<u>53,566</u>	<u>30,670</u>	<u>6,863,474</u>
<b>At 31 July 2019</b>	<u>6,678,744</u>	<u>51,366</u>	<u>33,580</u>	<u>6,763,690</u>

Included within the net book value of £6,863,474 is £Nil (2019: £627,386) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2019: £156,846).



# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 15. Debtors

	2020 £	2019 £
Amounts recoverable on long term contracts	4,882,165	5,823,275
Amounts owed by related undertakings	6,865,847	3,731,626
Other debtors	1,001,701	536,567
Prepayments	250,888	234,793
	<u>13,000,601</u>	<u>10,326,261</u>

Amounts owed by related undertakings and directors are unsecured and repayable on demand.

Other debtors include interest free directors loan account balance of £411,967 (2019: £382,973) and VAT recoverable of £429,528 (2019: £136,994).

### 16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	5,991,838	7,656,295
Corporation tax	153,035	494,923
Obligations under finance lease and hire purchase contracts	-	113,631
Other taxation and social security	42,377	43,274
Other creditors	64,186	48,455
Accruals	1,628,445	2,237,291
	<u>7,879,881</u>	<u>10,593,869</u>

Amounts owed to related undertakings are unsecured, interest free and payable on demand.

### 17. Financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>18,405,636</u>	<u>19,451,934</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(7,684,469)</u>	<u>(10,055,672)</u>

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 18. Deferred taxation

	2020 £	2019 £
At beginning of year	342,768	221,925
Charged to profit or loss	106,205	120,843
<b>At end of year</b>	<b>448,973</b>	<b>342,768</b>
	2020 £	2019 £
Accelerated capital allowances	448,973	342,768

### 19. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000

### 20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £7,938 (2019 - £4,123). Contributions totalling £3,030 (2019 - £3,066) were payable to the fund at the balance sheet date and are included in creditors.

### 21. Transactions with directors

During the year the company made interest free advances to Directors amounting to £409,534 (2019: 382,973).

The company received a repayment of £380,540 during the year (2019: £Nil).

# CAREY LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 22. Related party transactions

#### Key management personnel

The key management personnel are the company directors and their remuneration is disclosed in note 7 of the financial statements.

#### Transactions with related parties

During the year the company traded on normal commercial term with Alban Park Management Services Limited and M Carey Properties Limited, companies in which there are common directors and shareholders.

Management fee payable - £40,000 (2019: £127,000).

Rent payable - £417,500 (2019: £470,000).

Interests received in respect of advances made - £44,895 (2019 - £46,107).

Amount owed by directors are disclosed in note - 15.

### 23. Post balance sheet events

Currently the business activities are reduced due to Covid-19 and we do not know how long the slowdown will last or what damaging effect it will have. Therefore the directors are unable to estimate the financial effects of Covid-19 at this stage. But, the directors believe that the company's strong and liquid balance sheet and its long standing and experienced team should see us through the business disruption caused by this pandemic.

### 24. Controlling party

The company is controlled by M Carey, the director and shareholder.

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.