

Company Registration No. 11202018 (England and Wales)

PBS CONSTRUCTION GROUP LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

PBS CONSTRUCTION GROUP LTD

COMPANY INFORMATION

Directors P. B. Smurthwaite
G. Smurthwaite
M. D. L. Brooks

Company number 11202018

Registered office 1 Trinity Street
Hull
East Yorkshire
HU3 1JR

Auditor Dutton Moore
Aldgate House
1-4 Market Place
Hull
HU1 1RS

PBS CONSTRUCTION GROUP LTD

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PBS CONSTRUCTION GROUP LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Principal activities

The principal activity of the group continued to be that of civil engineers and building contractors.

Business review

The group has had a difficult year reporting a loss after tax of £90,497 (2021: profit £111,083). The group expected to make a small profit this year after trading in difficult market conditions however a debtor, Light Source Design Limited, entered administration owing £167,054 in unpaid certifications and retentions. Due to the extent of Light Source Design Limited's liabilities the directors have decided to write this full value down as a one-time write off within the accounts. This has resulted in the group reporting a small loss after tax. Given the exceptional nature of the write off the directors are confident of returning to profitability in the next financial year.

Overall, the group is very proactive in identifying problems in difficult market conditions and identifying ways in which it can remain competitive. Costs are also closely monitored and any areas which are affecting profitability are dealt with without affecting quality and service. Sufficient working capital is in place to support the group's activities.

The directors are confident that the strategic business model in place will continue to provide consistent growth and profitability over the coming years.

Results

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

Key performance indicators

	2022	2021	2020	2019
	£	£	£	£
Turnover	15,005,628	20,922,237	16,531,772	12,564,927
Turnover growth	(28.28)%	26.56%	31.57%	17.52%
Gross profit	1,281,016	1,178,088	1,478,359	1,596,823
Exceptional bad debt	(167,054)	-	-	-
Retained (loss) profit after tax	(90,497)	111,083	444,464	609,122
Shareholders' funds	2,197,363	2,476,105	2,534,657	2,276,738

Principal risks and uncertainties

The group operates in an industry where reputation is vitally important. The group has a longstanding client base and strives to ensure that it provides a first-class service to its customers. This reputation risk is faced by all companies operating in this sector.

The management of the business and the execution of the group's strategy are subject to some risks and uncertainties. The global impact of the Ukraine/Russia conflict on the UK economy continues to cause increases in raw material prices and shortages. The rise in energy prices is resulting in a general inflationary pressure on all raw material costs and can significantly affect margins.

PBS CONSTRUCTION GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Financial instruments

The group's principal financial instruments comprise bank balances, bank loans, trade creditors, trade debtors and asset finance agreements. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's working capital.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of money market facilities where funds are available.

In respect of loans these comprise loans from financial institutions. The interest rate on the loans is variable but the monthly repayments are fixed. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

In respect of asset finance agreements the monthly repayments are fixed. The group manages the liquidity risk by ensuring there are sufficient funds and cash flow to meet the payments.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Future outlook

The group continues to monitor, assess and address the potential risks and uncertainties that could affect the business.

The board believes that the group's strategy together with its experienced management will be a solid foundation for future successful business performance

On behalf of the board

P. B. Smurthwaite
Director

23 June 2023

PBS CONSTRUCTION GROUP LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Results and dividends

The results for the year are set out on page 7. The directors have paid an interim dividend of £188,245 (2021 - £169,635) and they do not recommend the payment of a final dividend (2021 - nil).

Directors

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

P. B. Smurthwaite
G. Smurthwaite
M. D. L. Brooks

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are 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. They are 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.

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 group and 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 group and company is aware of that information.

On behalf of the board

P. B. Smurthwaite
Director

23 June 2023

PBS CONSTRUCTION GROUP LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PBS CONSTRUCTION GROUP LTD

Opinion

We have audited the financial statements of PBS Construction Group LTD (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 30 June 2022 and of the group's loss 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 group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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.

PBS CONSTRUCTION GROUP LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PBS CONSTRUCTION GROUP LTD

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the most significant laws and regulations were FRS 102, the Companies Act 2006 and taxation legislation. In addition, we considered other laws and regulations which may be fundamental to the company's ability to operate, namely health and safety, employment law and the various licences and certificates needed by the company to carry out its construction services. We assessed the extent of compliance with these laws and regulations as part of our audit procedures which included discussions with management.
- The susceptibility of the company's financial statements to misstatement, including fraud, was assessed. The audit team discussed how and where fraud might occur in the financial statements. We identified and considered the controls that had been put in place to prevent and detect fraud. Other audit procedures carried out included the assessment of the appropriateness of journal entries and whether any accounting estimates indicated any potential bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit has been properly planned and performed in accordance with auditing standards (ISAs (UK)).

PBS CONSTRUCTION GROUP LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PBS CONSTRUCTION GROUP LTD

Use of our report

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

Douglas Baker FCCA (Senior Statutory Auditor)
For and on behalf of Dutton Moore

23 June 2023

Chartered Accountants
Statutory Auditor

Aldgate House
1-4 Market Place
Hull
HU1 1RS

PBS CONSTRUCTION GROUP LTD

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
Turnover	3	15,005,628	20,922,237
Cost of sales		(13,724,612)	(19,744,149)
Gross profit		1,281,016	1,178,088
Administrative expenses		(1,188,273)	(1,170,316)
Other operating income		50,879	88,256
Exceptional item	4	(167,054)	-
Operating (loss)/profit	5	(23,432)	96,028
Interest receivable and similar income	8	56	-
Interest payable and similar expenses	9	(55,700)	(43,945)
(Loss)/profit before taxation		(79,076)	52,083
Tax on (loss)/profit	10	(11,421)	59,000
(Loss)/profit for the financial year		(90,497)	111,083
Other comprehensive income		-	-
Total comprehensive income for the year		(90,497)	111,083

(Loss)/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.

PBS CONSTRUCTION GROUP LTD

GROUP BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12	1,866,148		2,315,418	
Investment properties	13	354,097		354,097	
		<u>2,220,245</u>		<u>2,669,515</u>	
Current assets					
Debtors	16	2,358,558		3,634,591	
Cash at bank and in hand		1,304,333		991,626	
		<u>3,662,891</u>		<u>4,626,217</u>	
Creditors: amounts falling due within one year	17	<u>(2,918,826)</u>		<u>(3,811,537)</u>	
Net current assets			744,065		814,680
Total assets less current liabilities			<u>2,964,310</u>		<u>3,484,195</u>
Creditors: amounts falling due after more than one year	18		(521,368)		(760,487)
Provisions for liabilities	21		<u>(245,579)</u>		<u>(247,603)</u>
Net assets			<u>2,197,363</u>		<u>2,476,105</u>
Capital and reserves					
Called up share capital	22	10,250		10,250	
Revaluation reserve	23	143,975		156,754	
Capital redemption reserve	23	2,500		2,500	
Profit and loss reserves	23	2,040,638		2,306,601	
Total equity			<u>2,197,363</u>		<u>2,476,105</u>

The financial statements were approved by the board of directors and authorised for issue on 23 June 2023 and are signed on its behalf by:

P. B. Smurthwaite
Director

PBS CONSTRUCTION GROUP LTD

COMPANY BALANCE SHEET

AS AT 30 JUNE 2022

		2022	2021
	Notes	£	£
Fixed assets			
Tangible assets	12	418,744	427,733
Investments	14	10,000	10,000
		<u>428,744</u>	<u>437,733</u>
Current assets			
Debtors	16	8,005	-
Cash at bank and in hand		93,432	88,323
		<u>101,437</u>	<u>88,323</u>
Creditors: amounts falling due within one year	17	(518,419)	(436,968)
Net current liabilities		<u>(416,982)</u>	<u>(348,645)</u>
Net assets		<u>11,762</u>	<u>89,088</u>
Capital and reserves			
Called up share capital	22	10,250	10,250
Profit and loss reserves		1,512	78,838
Total equity		<u>11,762</u>	<u>89,088</u>

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 £110,919 (2021 - £23,408 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 June 2023 and are signed on its behalf by:

P. B. Smurthwaite
Director

Company registration number 11202018 (England and Wales)

PBS CONSTRUCTION GROUP LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2020		10,250	169,533	2,500	2,352,374	2,534,657
Year ended 30 June 2021:						
Profit and total comprehensive income		-	-	-	111,083	111,083
Dividends	11	-	-	-	(169,635)	(169,635)
Transfers		-	(12,779)	-	12,779	-
Balance at 30 June 2021		10,250	156,754	2,500	2,306,601	2,476,105
Year ended 30 June 2022:						
Loss and total comprehensive income		-	-	-	(90,497)	(90,497)
Dividends	11	-	-	-	(188,245)	(188,245)
Transfers		-	(12,779)	-	12,779	-
Balance at 30 June 2022		10,250	143,975	2,500	2,040,638	2,197,363

PBS CONSTRUCTION GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 July 2020		10,250	225,065	235,315
Year ended 30 June 2021:				
Profit and total comprehensive income for the year		-	23,408	23,408
Dividends	11	-	(169,635)	(169,635)
Balance at 30 June 2021		10,250	78,838	89,088
Year ended 30 June 2022:				
Profit and total comprehensive income		-	110,919	110,919
Dividends	11	-	(188,245)	(188,245)
Balance at 30 June 2022		10,250	1,512	11,762

PBS CONSTRUCTION GROUP LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	27	719,863	660,382
Interest paid		(55,700)	(43,945)
Income taxes refunded/(paid)		57,861	(27,195)
Net cash inflow from operating activities		<u>722,024</u>	<u>589,242</u>
Investing activities			
Purchase of tangible fixed assets		(214,817)	(160,560)
Proceeds from disposal of tangible fixed assets		432,245	99,009
Interest received		56	-
Net cash generated from/(used in) investing activities		<u>217,484</u>	<u>(61,551)</u>
Financing activities			
Repayment of bank loans		(20,364)	(19,612)
Payment of finance leases obligations		(418,192)	(440,210)
Dividends paid to equity shareholders		(188,245)	(169,635)
Net cash used in financing activities		<u>(626,801)</u>	<u>(629,457)</u>
Net increase/(decrease) in cash and cash equivalents		<u>312,707</u>	<u>(101,766)</u>
Cash and cash equivalents at beginning of year		991,626	1,093,392
Cash and cash equivalents at end of year		<u><u>1,304,333</u></u>	<u><u>991,626</u></u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

PBS Construction Group LTD ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Trinity Street, Hull, East Yorkshire, HU3 1JR.

The group consists of PBS Construction Group LTD and its subsidiary.

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 at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking PBS Construction (North East) Limited made up to 30 June 2022.

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 directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Coronavirus (COVID-19) is affecting all companies at the current time but the directors have taken action to mitigate the effects. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

The turnover for contracts reflects the value of work done, less any amounts recognised in previous years. Contract work in progress is stated at costs incurred, less those transferred to the Profit and Loss Account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

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:

Freehold buildings	2% on cost/valuation per annum
Leasehold improvements	15% on written down value per annum
Plant and equipment	15% on written down value per annum
Fixtures and fittings	20% on written down value per annum
Motor vehicles	20% on written down value per annum

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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 Investment properties

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

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account. 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.

1.8 Impairment of fixed assets

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

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

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

Financial assets and liabilities are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Basic financial assets 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.

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

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Financial liabilities and equity

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 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.

Financial liabilities that are not classified as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in the profit and loss account.

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 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.

1.13 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 group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.15 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Services rendered	15,005,628	20,922,237
	<u>15,005,628</u>	<u>20,922,237</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	15,005,628	20,922,237
	<u>15,005,628</u>	<u>20,922,237</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Other revenue		
Interest income	56	-
Grants received	193	15,787
	<u>249</u>	<u>15,787</u>

4 Exceptional item

	2022	2021
	£	£
Expenditure		
Exceptional item	167,054	-
	<u>167,054</u>	<u>-</u>

During the year a significant customer Light Source Design Limited entered into administration owing PBS Construction (North East) Limited unpaid certifications and retentions of £167,054. Given the extent of Light Source Design Limited's liabilities we do not expect to recover any further monies and have therefore written this full value down as a one-time write off.

5 Operating (loss)/profit

	2022	2021
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(193)	(15,787)
Fees payable to the group auditor for the audit of the financial statements	7,900	7,000
Depreciation of owned tangible fixed assets	107,354	88,745
Depreciation of tangible fixed assets held under finance leases	170,252	214,230
Profit on disposal of tangible fixed assets	(45,764)	(22,995)
Operating lease charges	13,615	13,311
	<u>247,264</u>	<u>274,504</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Site	63	76	-	-
Management and administration	15	17	3	3
	<u>78</u>	<u>93</u>	<u>3</u>	<u>3</u>
Total	<u>78</u>	<u>93</u>	<u>3</u>	<u>3</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	2,645,537	3,089,712	-	-
Social security costs	279,403	301,137	-	-
Pension costs	80,963	85,026	-	-
	<u>3,005,903</u>	<u>3,475,875</u>	<u>-</u>	<u>-</u>

7 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	80,963	85,026
	<u>80,963</u>	<u>85,026</u>

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.

8 Interest receivable and similar income

	2022 £	2021 £
Other interest income	56	-
	<u>56</u>	<u>-</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Bank loan interest	9,841	9,619
Other interest	7,689	-
Interest on hire purchase contracts	38,170	34,326
	<u>55,700</u>	<u>43,945</u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	45,248	-
Adjustments in respect of prior periods	(31,803)	(96,975)
Total current tax	<u>13,445</u>	<u>(96,975)</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

10 Taxation

(Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	(2,024)	37,975
	<u> </u>	<u> </u>
Total tax charge/(credit)	11,421	(59,000)
	<u> </u>	<u> </u>

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

	2022 £	2021 £
(Loss)/profit before taxation	(79,076)	52,083
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(15,024)	9,896
Tax effect of expenses that are not deductible in determining taxable profit	3,432	2,147
Adjustments in respect of prior year research and development	(24,441)	(77,280)
Permanent depreciation in excess of capital allowances	56,840	(39,100)
Deferred tax adjustments in respect of prior years	(2,024)	37,975
Losses carried forward	-	7,362
Losses brought forward	(7,362)	-
	<u> </u>	<u> </u>
Taxation charge/(credit)	11,421	(59,000)
	<u> </u>	<u> </u>

11 Dividends

	2022	2021
Interim paid	188,245	169,635
	<u> </u>	<u> </u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Tangible fixed assets

Group	Freehold buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1 July 2021	899,450	5,885	498,192	21,115	1,762,288	3,186,930
Additions	-	-	28,390	62,302	124,125	214,817
Disposals	-	-	(1,200)	-	(649,387)	(650,587)
At 30 June 2022	899,450	5,885	525,382	83,417	1,237,026	2,751,160
Depreciation and impairment						
At 1 July 2021	48,717	384	189,331	13,181	619,899	871,512
Depreciation charged in the year	17,989	589	52,737	6,214	200,077	277,606
Eliminated in respect of disposals	-	-	(1,169)	-	(262,937)	(264,106)
At 30 June 2022	66,706	973	240,899	19,395	557,039	885,012
Carrying amount						
At 30 June 2022	832,744	4,912	284,483	64,022	679,987	1,866,148
At 30 June 2021	850,733	5,501	308,861	7,934	1,142,389	2,315,418
Company						Freehold buildings £
Cost or valuation						
At 1 July 2021 and 30 June 2022						449,450
Depreciation and impairment						
At 1 July 2021						21,717
Depreciation charged in the year						8,989
At 30 June 2022						30,706
Carrying amount						
At 30 June 2022						418,744
At 30 June 2021						427,733

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Tangible fixed assets

(Continued)

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	112,793	125,325	-	-
Motor vehicles	595,719	993,979	-	-
	<u>708,512</u>	<u>1,119,304</u>	<u>-</u>	<u>-</u>

The freehold building was valued on an open market basis in December 2018 by Lawrence Hannah Ltd.

In the opinion of the directors, the valuation in 2018 is not materially different from the balance sheet date, and therefore represents a true and fair value of 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:

	2022 £	2021 £
Group		
Cost	638,916	638,916
Accumulated depreciation	(204,455)	(191,676)
Carrying value	<u>434,461</u>	<u>447,240</u>

13 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 July 2021 and 30 June 2022	<u>354,097</u>	<u>-</u>

The fair value of the investment properties has been arrived at by the directors using a combination of a revaluation in December 2018 by Sanderson Weatherall LLP Chartered Surveyors and a revaluation in 2016.

In the opinion of the directors, the valuations are not materially different from the balance sheet date, and therefore represents a true and fair value of the properties.

14 Fixed asset investments

		Group 2022 £	2021 £	Company 2022 £	2021 £
	Notes				
Investment in subsidiary	15	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 July 2021 and 30 June 2022

10,000

Carrying amount

At 30 June 2022

10,000

At 30 June 2021

10,000

15 Subsidiaries

Details of the company's subsidiary at 30 June 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
PBS Construction (North East) Limited	England	Ordinary	100.00

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) £
PBS Construction (North East) Limited	2,195,601	(113,916)

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	390,229	683,483	-	-
Amounts recoverable on contract	1,752,821	2,672,277	-	-
Corporation tax recoverable	108,528	172,628	8,005	-
Prepayments and accrued income	106,980	106,203	-	-
	<u>2,358,558</u>	<u>3,634,591</u>	<u>8,005</u>	<u>-</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loan	19	15,124	18,348	-	-
Obligations under finance leases	20	188,583	384,796	-	-
Trade creditors		1,962,198	2,622,642	-	-
Amounts owed to group undertakings		-	-	503,022	420,311
Corporation tax payable		7,602	396	7,602	396
Other taxation and social security		635,628	643,111	-	-
Other creditors		-	-	-	14,178
Accruals and deferred income		109,691	142,244	7,795	2,083
		<u>2,918,826</u>	<u>3,811,537</u>	<u>518,419</u>	<u>436,968</u>

Included in creditors: amounts falling due within one year are secured creditors of £203,707 (2021: £403,144) in respect of the group.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loan	19	356,479	373,619	-	-
Obligations under finance leases	20	164,889	386,868	-	-
		<u>521,368</u>	<u>760,487</u>	<u>-</u>	<u>-</u>

Included in creditors: amounts falling due after more than one year are secured creditors of £521,368 (2021: £760,487) in respect of the group.

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loan	<u>371,603</u>	<u>391,967</u>	<u>-</u>	<u>-</u>
Payable within one year	15,124	18,348	-	-
Payable after one year	<u>356,479</u>	<u>373,619</u>	<u>-</u>	<u>-</u>

The group had previously received a secured loan of £460,000 which is repayable by monthly instalments over 5 years and a final payment on the 5 year anniversary with interest payable at 2.25% per annum above the base rate. After the year end on the 5th anniversary the loan has been renewed.

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	203,506	426,278	-	-
In two to five years	178,624	399,698	-	-
	<u>382,130</u>	<u>825,976</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(28,658)	(54,312)	-	-
	<u>353,472</u>	<u>771,664</u>	<u>-</u>	<u>-</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	245,579	247,603
	<u>245,579</u>	<u>247,603</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 July 2021	247,603	-
Credit to profit or loss	(2,024)	-
	<u>245,579</u>	<u>-</u>
Liability at 30 June 2022	245,579	-
	<u>245,579</u>	<u>-</u>

22 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	10,250	10,250	10,250	10,250
	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

23 Revaluation reserve

Revaluation reserve

This reserve represents the cumulative revaluation gains and losses on revaluation of land and buildings held as tangible assets.

Capital redemption reserve

This reserve represents the cumulative amounts following the company purchasing its own shares.

Profit and loss reserve

This reserve represents cumulative retained profits and losses.

24 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	7,262	13,618	-	-
Between two and five years	-	7,262	-	-
	<u>7,262</u>	<u>20,880</u>	<u>-</u>	<u>-</u>

25 Related party transactions

During the year dividends totalling £188,245 (2021: £169,635) were paid to the shareholders. At the year end date the directors were owed £5,712 (2021: £14,178) by the group.

26 Controlling party

The company is controlled by Mr P. B. Smurthwaite.

PBS CONSTRUCTION GROUP LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

27 Cash generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(90,497)	111,083
Adjustments for:		
Taxation charged/(credited)	11,421	(59,000)
Finance costs	55,700	43,945
Investment income	(56)	-
Gain on disposal of tangible fixed assets	(45,764)	(22,995)
Depreciation and impairment of tangible fixed assets	277,606	302,975
Movements in working capital:		
Decrease in debtors	1,211,933	505,010
Decrease in creditors	(700,480)	(220,636)
Cash generated from operations	719,863	660,382

28 Analysis of changes in net funds/(debt) - group

	1 July 2021 £	Cash flows £	30 June 2022 £
Cash at bank and in hand	991,626	312,707	1,304,333
Borrowings excluding overdrafts	(391,967)	20,364	(371,603)
Obligations under finance leases	(771,664)	418,192	(353,472)
	(172,005)	751,263	579,258

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