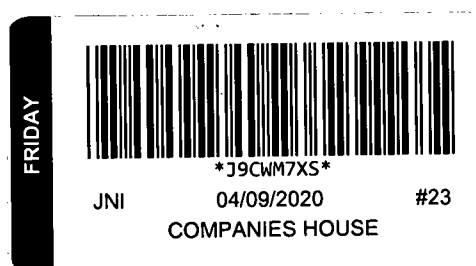


Financial Statements

O'Hare & McGovern Limited

For the Year Ended 31 December 2019



Registered number: NI011033

Company Information

Directors	N O'Hare JG O'Hare E O'Hare P Duffy G Archer (resigned 31 March 2019) N Hamilton M Lennon C O'Hare S O'Hare
Company secretary	P Duffy
Registered number	NI011033
Registered office	Carnbane House Shepherd's Way Carnbane Industrial Estate, Carnbane Newry Co. Down BT35 6EE
Independent auditor	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12 - 15 Donegall Square West Belfast BT1 6JH
Bankers	Bank of Ireland Donegall Square South Belfast BT1 5LR
Solicitors	Carson McDowell Murray House 4 Murray Street Belfast BT1 6DN

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Strategic report

For the Year Ended 31 December 2019

Introduction

The directors are pleased to present their Strategic Report for the year ended 31 December 2019.

Business review

The company provides general contracting services to local and central government particularly in education, health, leisure and housing and also for developers in housing, student accommodation, office accommodation and retail.

The Company's turnover for 2019 was affected by the continuing economic uncertainty.

Directors' statement of compliance with duty to promote the success of the Company

The Board of Directors of O'Hare & McGovern Limited consider, both individually and together, that they have acted in the way they consider would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

The following paragraphs summarise how the Directors fulfil their duties:

Principal risks and uncertainties

The directors have identified the following areas of risk and uncertainty:

Business Performance Risk

The business environment in which we operate continues to be challenging with the key commercial risks being market conditions, the uncertainty surrounding public expenditure levels, competitive pressures, costs of raw material and labour, and customer credit risk. Increased political and macro-economic uncertainty following the result of the EU referendum has added to these risks.

Financial Risk Management

The company's operations expose it to a variety of financial risks that include changes in the price of raw materials and labour, interest rate risk, credit risk, liquidity risk and price and market risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The company uses various financial instruments including investments and cash, and various items, such as trade debtors, trade creditors, and amounts owed to related undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The company does not make use of derivative transactions to minimise exposure to interest rates or foreign exchange.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding by matching the source of funds to the intended use of those funds. Short-term flexibility is achieved through the company's cash reserves. Following the financial crisis there continues to be a lack of availability of funding for long term design and build projects.

Strategic report (continued)

For the Year Ended 31 December 2019

Principal risks and uncertainties (continued)

Interest rate risk

The company finances its operations through a mixture of retained profits, cash at bank and amounts owed to related undertakings. The company exposure to interest rate fluctuations is therefore limited.

Credit risk

The company's principal financial assets are cash and amounts recoverable on contracts, whether included in debtors or in stock. The credit risk associated with cash is limited. The principal credit risk arises therefore from contract balances.

In order to manage credit risk the directors assess potential customers as part of the tender process, based on a mixture of past history, credit references, and industry knowledge. As payment milestones are normally incorporated into most contracts, most invoices are settled promptly on presentation.

Foreign exchange risk

Transactions other than in sterling are inconsequential, other than the amounts owed to related undertakings where a fixed exchange rate is agreed between the parties. The directors therefore consider that the price and market risk are insignificant.

Health & Safety Risk

The company is committed to providing an accident free workplace and achieves this by the implementation of our Occupational Health & Safety Management Systems accredited to ISO 45001:2018. H & S performance is monitored using Key Performance Indicators, (KPIs), and regular auditing of sites by our qualified Health & Safety

Management Development

The company recognises that one of our key resources is our employees and we are committed to the effective implementation of our Employee Development & Business Sustainability training programme. This programme has been designed for the dual purpose of developing the individual participant's knowledge, management ability and character, resulting in a much stronger motivated team for the sustainability of the company.

Environmental Risk

The company is committed to maintaining zero impact on our Environment and reducing our Environmental impacts of our operations on our neighbours and local community. We achieve this through the implementation of our environmental policies, procedures, objectives, targets and training accredited to BS EN ISO 14001:2015. We implement the criterion of the Considerate Constructors Scheme and use KPI's to set and monitor targets. We are committed to providing positive impacts on local communities by providing professional student placements, employing local labour, apprentices and the Long Term Unemployed.

Quality

O'Hare & McGovern Limited's corporate ethos is the delivery of excellence in all of our construction projects through the application of processes and procedures set out in our integrated Safety, Health, Environmental & Quality Management System (SHEQMS) accredited to:

- BS EN ISO 9001:2015
- BS EN ISO 14001:2015
- ISO 45001:2018

Strategic report (continued)

For the Year Ended 31 December 2019

Principal risks and uncertainties (continued)

Quality (continued)

The SHQEMS incorporates the Company structure, planning activities, responsibilities, practices, procedures, processes and resources to ensure we deliver excellence in all our activities.

Our continuous improvement process use KPI's and SMART objectives to set and monitor targets in relation to Safety, Health, Environment, Quality, Sustainability & Employee development in order to take positive action and to instil a culture of continuous improvement.

Sustainability

The company is committed to the proactive promotion & achievement of sustainable construction. We demonstrate this commitment through the implementation of our award winning sustainability processes, and our Accredited Environmental Management System, which enables the company to manage &/or negate our impact on the following: Sustainable Construction Methods, Construction Environmental Management Measures, Conservation, Pollution, procurement, Socio Economic, Bio diversity & Monitoring & auditing our energy carbon & waste streams.

Covid-19

On the 11th of March 2020, the World Health Organisation officially declared Covid-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company, the construction sector, the economy and the general population. Management are continually reviewing the impact of this adherence on contract profitability and cashflows. The full future financial impact of these events cannot be determined by management at this time.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company, these being turnover and net profit.

	2019	2018
	£000's	£000's
Turnover	21,694	37,235
Profit/(loss) before Tax	(607)	(1,453)

Other key performance indicators

The directors do not consider any further non-financial key performance indicators to be appropriate.

This report was approved by the board on

26/08/20

and signed on its behalf.



E O'Hare
Director

Directors' report

For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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.

Principal activity

The principal activity of the company is general contracting..

Results and dividends

The loss for the year, after taxation, amounted to £606,546 (2018 - loss £1,309,943).

The directors have not recommended a final dividend.

Directors

The directors who served during the year were:

N O'Hare
JG O'Hare
E O'Hare
P Duffy
G Archer (resigned 31 March 2019)
N Hamilton
M Lennon
C O'Hare
S O'Hare

Directors' report (continued)

For the Year Ended 31 December 2019

Future developments

The company intends to continue with its present strategies and focus on general contracting going forward.

Matters covered in the strategic report

Information the company has chosen, in accordance with S414C (II) of the Companies Act 2006, to set out in the strategic report which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report is as follows:

Principal risks & uncertainties
Financial risk management
Employment policy
Compliance with s172(1)(a-f) of the Companies Act 2006

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

On the 11th of March 2020, the World Health Organisation officially declared Covid-19, the disease caused by novel coronavirus, a pandemic. Whilst it remains too early to define the ultimate commercial impact of the pandemic there could be material impacts in the next 12 months of trading. We continue to assess the necessary adjustments for full and on-going compliance with the revised safe operating procedures for construction activities. The full future financial impact of these events cannot be determined by management at this time.

Auditor

The auditor, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

26/08/20

and signed on its behalf.



E O'Hare
Director



Independent auditor's report to the members of O'Hare & McGovern Limited

Opinion

We have audited the financial statements of O'Hare & McGovern Limited, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity for the financial year ended 31 December 2019, and the related 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 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, O'Hare & McGovern Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company as at 31 December 2019 and of its financial performance for the year then ended; 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') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor 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, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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

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

Independent auditor's report to the members of O'Hare & McGovern Limited (continued)

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 in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report and the Strategic 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 we have obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Strategic 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the members of O'Hare & McGovern Limited (continued)

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.



Independent auditor's report to the members of O'Hare & McGovern Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in black ink, appearing to read "Louise Kelly".

Louise Kelly (Senior statutory auditor)

for and on behalf of

Grant Thornton (NI) LLP

Chartered Accountants

Statutory Auditors

Belfast

Date: 26/8/20

Statement of comprehensive income

For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	21,694,713	37,235,553
Cost of sales		(20,461,009)	(36,834,408)
Gross profit		1,233,704	401,145
Administrative expenses		(1,848,805)	(1,863,451)
Operating loss	5	(615,101)	(1,462,306)
Income from fixed assets investments		320	883
Interest receivable and similar income	9	8,235	12,690
Interest payable and expenses	10	-	(4,600)
Loss before tax		(606,546)	(1,453,333)
Tax on loss	11	-	143,390
Loss for the financial year		(606,546)	(1,309,943)

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 13 to 24 form part of these financial statements.

O'Hare & McGovern Limited

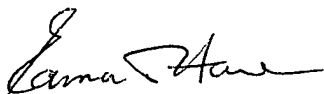
Registered number: NI011033

Balance sheet

As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	539,970	683,379
		<u>539,970</u>	<u>683,379</u>
Current assets			
Stocks	13	2,531	3,127
Debtors	14	15,564,501	19,264,009
Current asset investments	15	187,812	154,440
Cash at bank and in hand	16	4,830,805	4,506,111
		<u>20,585,649</u>	<u>23,927,687</u>
Creditors: amounts falling due within one year	17	(16,492,025)	(19,370,926)
Net current assets		<u>4,093,624</u>	<u>4,556,761</u>
Total assets less current liabilities		<u>4,633,594</u>	<u>5,240,140</u>
Net assets		<u><u>4,633,594</u></u>	<u><u>5,240,140</u></u>
Capital and reserves			
Called up share capital	19	7,030,000	7,030,000
Profit and loss account	20	(2,396,406)	(1,789,860)
		<u>4,633,594</u>	<u>5,240,140</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26/08/20



E O'Hare
Director

Statement of changes in equity

For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	7,030,000	(1,789,860)	5,240,140
Loss for the year	-	(606,546)	(606,546)
At 31 December 2019	7,030,000	(2,396,406)	4,633,594

Statement of changes in equity

For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	7,030,000	(479,917)	6,550,083
Loss for the year	-	(1,309,943)	(1,309,943)
At 31 December 2018	7,030,000	(1,789,860)	5,240,140

The notes on pages 13 to 24 form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 December 2019

1. Company information

O'Hare & McGovern Limited is a limited company incorporated in Northern Ireland. The registered office is Carnbane House, Shepherd's Way, Carnbane Industrial Estate, Newry, BT35 6EE.

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 financial statements are presented in Sterling (£).

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of OHMG (Holdings) Limited as at 31 December 2019 and these financial statements may be obtained from its registered office at Carnbane House, Shepherd's Way, Carnbane Industrial Estate, Newry, BT35 6EE..

2.3 Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities net of value added tax and trade discounts. In respect of long-term contracts, turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value together with profit. Profit is recognised on long term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

Notes to the financial statements

For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following methods.

Depreciation is provided on the following basis:

Freehold property	-	4% reducing balance
Plant & machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance and straight line

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. In making this assessment the directors have considered the ongoing COVID-19 pandemic. Whilst the future financial impact of the outbreak is unknown at present the directors do not consider that there has been any significant detrimental impact to the business at this time.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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.

Notes to the financial statements

For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.16 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change 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.

Notes to the financial statements

For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.18 Pre-contract costs

Pre-contract costs are recognised as expenses as incurred, except that directly attributable costs are recognised as an asset when it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows. In the case of Private Finance Initiative bid costs, on financial close of the project the company recovers bid costs by charging a fee to the relevant project company.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where these judgements and estimates have been made include the following;

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of ongoing construction contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£	£
Contract revenue	21,694,713	37,235,553
	<u>21,694,713</u>	<u>37,235,553</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2019	2018
	£	£
Depreciation of tangible assets	173,550	222,612
Audit fee	13,000	13,000
Taxation fees	1,730	1,730
Exchange differences	8,358	91,162
Defined contribution pension cost	<u>100,505</u>	<u>86,368</u>

Notes to the financial statements

For the Year Ended 31 December 2019

6. Employees

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

	2019 £	2018 £
Wages and salaries	3,853,693	4,657,277
Social security costs	480,201	562,878
Cost of defined contribution scheme	100,505	79,181
	<u>4,434,399</u>	<u>5,299,336</u>

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

	2019 No.	2018 No.
Number of production staff	78	94
Number of administrative staff	22	27
	<u>100</u>	<u>121</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	471,055	518,288
Company contributions to defined contribution pension schemes	20,922	22,813
	<u>491,977</u>	<u>541,101</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £100,000 (2018 - £100,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2018 - £10,000).

Notes to the financial statements

For the Year Ended 31 December 2019

8. Income from investments

	2019 £	2018 £
Income from fixed asset investments	320	883
	<u>320</u>	<u>883</u>

9. Interest receivable

	2019 £	2018 £
Other interest receivable	8,235	12,690
	<u>8,235</u>	<u>12,690</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	2,623
Other loan interest payable	-	1,977
	<u>-</u>	<u>4,600</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Adjustments in respect of previous periods	-	(143,390)
	<u>-</u>	<u>(143,390)</u>
Total current tax	<u>-</u>	<u>(143,390)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>-</u>	<u>(143,390)</u>

Notes to the financial statements

For the Year Ended 31 December 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(606,546)	(1,453,334)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(115,244)	(276,133)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(8,235)
Adjustments to tax charge in respect of prior periods	-	(143,390)
Non-taxable income	(6,401)	-
Deferred tax not recognised	40,048	161,004
Other differences leading to an increase (decrease) in the tax charge	-	34,289
Group relief	81,597	89,075
Total tax charge for the year	-	(143,390)

Notes to the financial statements

For the Year Ended 31 December 2019

12. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2019	3,117,200	1,270,373	877,265	5,264,838
Additions	17,900	-	13,440	31,340
Disposals	(92,191)	(46,345)	-	(138,536)
At 31 December 2019	<u>3,042,909</u>	<u>1,224,028</u>	<u>890,705</u>	<u>5,157,642</u>
Depreciation				
At 1 January 2019	2,746,932	1,096,534	737,993	4,581,459
Charge for the year on owned assets	94,467	43,158	35,925	173,550
Disposals	(92,191)	(45,146)	-	(137,337)
At 31 December 2019	<u>2,749,208</u>	<u>1,094,546</u>	<u>773,918</u>	<u>4,617,672</u>
Net book value				
At 31 December 2019	<u>293,701</u>	<u>129,482</u>	<u>116,787</u>	<u>539,970</u>
At 31 December 2018	<u>370,268</u>	<u>173,839</u>	<u>139,272</u>	<u>683,379</u>

13. Stocks

	2019 £	2018 £
Stock	<u>2,531</u>	<u>3,127</u>
	<u>2,531</u>	<u>3,127</u>

Notes to the financial statements

For the Year Ended 31 December 2019

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	645,842	2,222,282
Amounts owed by group undertakings	98,252	432,759
Amounts owed by joint ventures and associated undertakings	-	160,000
Other debtors	5,548,292	5,486,285
Prepayments and accrued income	430,523	494,089
Amounts recoverable on long term contracts	7,264,205	8,891,207
Deferred taxation	1,577,387	1,577,387
	<u>15,564,501</u>	<u>19,264,009</u>

15. Current asset investments

	2019 £	2018 £
Listed investments	187,812	154,440
	<u>187,812</u>	<u>154,440</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	4,830,805	4,506,111
	<u>4,830,805</u>	<u>4,506,111</u>

Notes to the financial statements

For the Year Ended 31 December 2019

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Payments received on account	313,998	636,464
Trade creditors	6,577,908	6,141,253
Amounts owed to group undertakings	7,248,882	7,787,344
Amounts owed to other participating interests	242,504	62,920
Corporation tax	1,707	1,707
Other taxation and social security	211,374	198,976
Other creditors	48,807	22,079
Accruals and deferred income	1,846,845	4,520,183
	<u>16,492,025</u>	<u>19,370,926</u>

18. Deferred taxation

	2019 £
At beginning of year	1,577,387
At end of year	<u>1,577,387</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	37,447	37,447
Tax losses	1,511,000	1,511,000
Short term timing differences	28,940	28,940
	<u>1,577,387</u>	<u>1,577,387</u>

Notes to the financial statements

For the Year Ended 31 December 2019

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
7,030,000 (2018 - 7,030,000) Ordinary shares of £1.00 each	<u>7,030,000</u>	<u>7,030,000</u>

20. Reserves

Profit & loss account

This reserve includes all current and prior period retained profit and losses.

21. Pension commitments

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company to the fund and amounted to £100,505 (2018: £79,181).

22. Related party transactions

The company has availed of the exemption in s33 FRS102 from disclosing transactions with other wholly owned group companies.

Balances due from/to the directors are included in the debtors/creditors notes to the accounts.

The directors are considered to be key management personnel within the company. Total remuneration in respect of these individuals is disclosed in note 7.

The company has related parties by virtue of common control. The balances due to/ from these related parties are disclosed within notes 14 and 17 to the financial statements. Sales to these related parties during the year amounted to £49,083 (2018: £562,461).

23. Controlling party

The company is a wholly owned subsidiary of Carbane House Limited, who is a wholly owned subsidiary of OHMG (Holdings) Limited, a company incorporated in Northern Ireland. The company's ultimate parent company is Carnbane Estates Limited. The smallest company in which the results of the company are consolidated in OHMG (Holdings) Limited and the largest is Carnbane Estates Limited.

The financial statements of OHMG (Holdings) Limited and Carnbane Estates Limited are available from the Registry of Companies in Belfast.