

Company Registration No. SC478631 (Scotland)

CLARK CONTRACTS (GROUP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020



CLARK CONTRACTS (GROUP) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Gordon Cunningham Gerry Cummins John Mooney Michael Scanlan |
| Secretary | John Mooney |
| Company number | SC478631 |
| Registered office | 23 McFarlane Street Paisley PA3 1RY |
| Auditor | Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF |
| Bankers | Santander 5th Floor The Capital Building Edinburgh EH2 2AF |

CLARK CONTRACTS (GROUP) LIMITED

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CLARK CONTRACTS (GROUP) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

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

The Coronavirus pandemic has and continues to create an unprecedented level of uncertainty and volatility to the country and business. This created many challenges for business and the Directors are very proud of the response to these challenges by our Employees.

Review of the business

The Directors regard turnover and gross margins as key performance measures.

As a result of the pandemic turnover for the group for the period has reduced to £65.5m, gross profits decreased to £6m, and the profit on ordinary activities before tax is £0.4m.

The reduction in turnover, margin and profitability was a direct result of the government's measures to control the virus and resulted in our site activities being suspended from late March to June 2020.

The directors consider this financial performance to be good, particularly in view of the pandemic and the high level of competitiveness in the sector.

The company's financial position is healthy and the prospects for the business moving forward are very positive.

People

We operate a strict risk management process on all individual contracts and frameworks and, notwithstanding individual project risk, the Directors consider the main strategic risk to the business to be an increased skills shortage. The business has continued to invest significantly in people and our Training Academy as part of our Learning & Development strategy for developing our talent pipeline for our next generation of business leaders.

We currently have 23 employees studying towards formal qualifications which run in parallel to our Clark Contracts Specific Training Programmes involving everyone in the business. Through this commitment to develop our talent pipeline, the Directors consider our people are, and will continue to be, our biggest strategic advantage, to support our continued development.

Disabled Employees

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Future Prospects

Covid-19 has had a significant impact on most businesses in all sectors throughout the UK and the world. The economic outlook is uncertain at the time of this report as all businesses continue to react to government guidance.

Similarly the impact of Brexit continues to create uncertainty in the UK economy.

The Directors will continue to monitor developments closely and take appropriate action.

Our continued focus on people, through our award winning Academy and our post academy Development Programme, will combine vocational learning with our partner organisations in the further education sector and our own tailored training process focused on the development of our Customers 1st culture and on delivering 'the Clark Contracts Way'.

Our continued re-investment of profits in the business has ensured that as we enter this period of economic uncertainty we remain in a strong position allowing the directors to make the best medium to long term decisions to benefit the business.

CLARK CONTRACTS (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Fixed assets

In the opinion of the directors, the value of the group's freehold land and buildings are not materially different to that shown in the financial statements when considered in relation to its use in the group's trade.

Directors' Statement of Compliance

The Directors, in accordance with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of all stakeholders.

The group is led by an experienced board which controls the group and has worked together for over 15 years ensuring all decisions take into account:

- The long term impact of the decisions;
- The long term interests of the employees;
- Maintaining a high standard of business conduct;
- Developing business relationships with customers, supply chain and others;
- The impact of our operations on the communities in which we work and the wider environment;
and
- The need to act fairly between members of the group.

Our business strategy is to remain profitable and sustainable which allows the group to invest in the long term and allow members of the team to develop their careers through the business.

On an annual basis the board sets financial and non-financial targets for all divisions and departments which are reported on and regularly reviewed at division and board level.

In addition to the current market volatility the level of competitiveness in our sector has always been high and remains so. We continue to monitor and benchmark our performance, utilising a number of recognised Industry Key Performance Indicators (KPIs) in the following areas:

Health and safety

People

Customers

Financial

Environmental

Supply Chain Management

Business Development

We continue to regularly update all employees through our weekly news email updates and our twice yearly division briefings where we review financial and economic factors affecting the performance of the group. Feedback from our annual employee survey creates the basis of many of our group initiatives. Our employee led Steering Group meets monthly with a brief to develop employee engagement and act as a conduit for improvements in our Customers 1st campaign and the general development of the business.

The Directors meet on a weekly basis to review current and future contracts which ensures a consistent overview is taken and any issues can be escalated if required.

Health & Safety is always a prime focus for us and in 2020 we were presented with our 5th RoSPA Presidents Award for Health and Safety in recognition of being awarded the RoSPA Gold Award for the 14th consecutive year.

As part of our long term strategy we have developed a balance of workload from both public and private customers and have continued to focus on repeat business whilst targeting new customers and sectors to support the long term growth of the business.

CLARK CONTRACTS (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Directors' Statement of Compliance (continued)

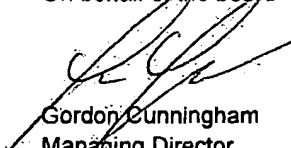
Long term investments continue to be made in our infrastructure and we remain committed to continuous incremental improvement throughout the business, to ensure we remain agile and efficient in all our markets.

We actively engage with the local communities and whilst the pandemic has significantly impacted on our ability to assist on many initiatives our employees continue to utilise their annual group charity day to support many charities.

We work with a core group of subcontractors who we have developed long term relationships which ensures we award subcontracts to those who have the skills and experience to deliver for us on multiple projects.

The Directors and Senior Management will continue to act responsibly and maintain our group values and this will be supported by strong governance to ensure we achieve our long term strategy for the group.

On behalf of the board



Gordon Cunningham
Managing Director
25 June 2021

CLARK CONTRACTS (GROUP) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

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

Principal activities

The principal activity of the company and group continued to be that of construction, building refurbishment and property maintenance.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Gordon Cunningham
Gerry Cummins
John Mooney
Michael Scanlan

Auditor

On 7 September 2020 Group Audit Services Limited trading as Scott-Moncrieff Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name. Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment.

Post Balance Sheet Events

There have been no significant events affecting the group since the year end.

CLARK CONTRACTS (GROUP) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Energy and carbon report

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which introduced energy and carbon reporting requirements for large unquoted companies in the UK. Large unquoted companies are obliged to report their UK energy use and associated GHG emissions as a minimum relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through their annual reports.

The subsidiary company meets the criteria of a large unquoted company. The energy and emissions data presented here include all UK operations of the company, where we have operational control in the financial year.

The methodologies used in calculating total energy and greenhouse gas (GHG) emissions include the GHG Protocol Corporate Standard, the 2019 HM Government Environmental Reporting Guidelines and the 2020 UK Government's Conversion Factors for Company Reporting.

Data on gas combustion and purchased electricity was sourced from verifiable data from supplier invoices and purchase receipts. Transport fuel data was obtained primarily from supplier invoices. Mileage data on business travel was converted to kWh using kWh/Mile conversion factors from UK Government GHG Conversion Factors 2020.

For unquoted companies, fugitive emissions from refrigerants do not require to be reported under SECR and these have not been included. In addition to the minimum SECR requirements; energy and GHG emissions associated with the consumption of gas oil in stationary equipment (e.g., generators) were also calculated and reported.

The intensity metric selected by the group is tonnes of CO₂e per total £m sales revenue. The intensity ratio was calculated by dividing total GHG emissions (tonnes) by total sales revenue for the financial year 01 November 2019 - 31 October 2020. It was calculated as 6.12 tonnes of CO₂e per one million of revenue.

During the reporting year the COVID Pandemic focussed the business on key priorities and limited proactive improvements. We have in previous years implemented a Solar PV installation to the roof of our McFarlane Street Office and electric vehicle charging stations at the same facility. Such improvements have had a positive impact on our data for this year.

| | | 2020 |
|--|------------------------------------|--------------|
| UK energy use | kWh | 1,649,593.36 |
| Associated greenhouse gas emissions | T CO ₂ e | 404.55 |
| Intensity Ratio | T CO ₂ e per £m revenue | 6.15 |
| Additional GHG Disclosure: | | |
| Stationary Combustion: Gas Oil (Scope 1) | kWh | 629,771.23 |

No comparative figure is presented as 2020 is the first year of disclosure requirements.

Energy reduction measures planned for 2021 are as follows:

- A reduction in the size of the commercial fleet which in turn will reduce our diesel fuel consumption.
- Additional awareness training for our company vehicle drivers.
- Moving to Green D+HVO fuel instead of Gas Oil for our on-site operations.

CLARK CONTRACTS (GROUP) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



25 June 2021
John Mooney
Secretary

CLARK CONTRACTS (GROUP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2020

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; and
- 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.

CLARK CONTRACTS (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLARK CONTRACTS (GROUP) LIMITED

Opinion

We have audited the financial statements of Clark Contracts Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CLARK CONTRACTS (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLARK CONTRACTS (GROUP) LIMITED

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.

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 and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of 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 group and 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 group and the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CLARK CONTRACTS (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLARK CONTRACTS (GROUP) LIMITED

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.

Azets Audit Services

Bernadette Higgins CA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants

25 June 2021

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

CLARK CONTRACTS (GROUP) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|------------------|-------------------|
| Turnover | 3 | 65,469,385 | 91,138,556 |
| Cost of sales | | (59,431,581) | (80,506,115) |
| Gross profit | | 6,037,804 | 10,632,441 |
| Administrative expenses | | (7,567,869) | (8,202,459) |
| Other operating income | 3 | 1,656,162 | - |
| Operating profit | 4 | 126,097 | 2,429,982 |
| Interest receivable and similar income | | 19,077 | 28,014 |
| Interest payable and similar expenses | | (42,955) | (65,413) |
| Profit before taxation | | 102,219 | 2,392,583 |
| Tax on profit | 8 | 245,709 | (460,985) |
| Profit for the financial year | | 347,928 | 1,931,598 |

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.

CLARK CONTRACTS (GROUP) LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2020

| | | 2020 | | 2019 as restated | |
|--|-------|-------------------|-------------------------|---------------------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Goodwill | 11 | | 1,187,533 | | 1,456,173 |
| Tangible assets | 10 | | 1,598,688 | | 1,736,176 |
| | | | <u>2,786,221</u> | | <u>3,192,349</u> |
| Current assets | | | | | |
| Debtors | 14 | 19,261,450 | | 18,245,724 | |
| Cash at bank and in hand | | 8,192,960 | | 10,097,579 | |
| | | <u>27,454,410</u> | | <u>28,343,303</u> | |
| Creditors: amounts falling due within one year | 15 | (23,227,555) | | (24,558,214) | |
| Net current assets | | | <u>4,226,855</u> | | <u>3,785,089</u> |
| Total assets less current liabilities | | | <u>7,013,076</u> | | <u>6,977,438</u> |
| Creditors: amounts falling due after more than one year | 16 | | (900,000) | | (1,200,000) |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 18 | 30,345 | | 42,635 | |
| | | <u>(30,345)</u> | | <u>(42,635)</u> | |
| Net assets | | | <u><u>6,082,731</u></u> | | <u><u>5,734,803</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 1,000 | | 1,000 |
| Share premium account | 21 | | 249,000 | | 249,000 |
| Profit and loss reserves | 21 | | 5,832,731 | | 5,484,803 |
| Total equity | | | <u><u>6,082,731</u></u> | | <u><u>5,734,803</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 25 June 2021 and are signed on its behalf by:


 Director
 Gordon Cunningham
 Company Registration No. SC478631


 Director
 John Mooney

CLARK CONTRACTS (GROUP) LIMITED

COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Investments | 12 | | 5,596,808 | | 5,596,808 |
| Current assets | | | | | |
| Cash at bank and in hand | | 2,539 | | 3,875 | |
| Creditors: amounts falling due within one year | 15 | (5,574,710) | | (5,233,091) | |
| Net current liabilities | | | (5,572,171) | | (5,229,216) |
| Total assets less current liabilities | | | 24,637 | | 367,592 |
| Creditors: amounts falling due after more than one year | 16 | | (900,000) | | (1,200,000) |
| Net liabilities | | | (875,363) | | (832,408) |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 1,000 | | 1,000 |
| Share premium account | 21 | | 249,000 | | 249,000 |
| Profit and loss reserves | 21 | | (1,125,363) | | (1,082,408) |
| Total equity | | | (875,363) | | (832,408) |

The financial statements were approved by the board of directors and authorised for issue on 25 June 2021 and are signed on its behalf by:



Director
Gordon Cunningham

Director
John Mooney

Company Registration No. SC478631

CLARK CONTRACTS (GROUP) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

| | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|----------------------------------|-------------------------------------|------------|
| Balance at 1 November 2018 | 1,000 | 249,000 | 3,553,205 | 3,803,205 |
| Year ended 31 October 2019: | | | | |
| Profit and total comprehensive income for the year | - | - | 1,931,598 | 1,931,598 |
| Balance at 31 October 2019 | 1,000 | 249,000 | 5,484,803 | 5,734,803 |
| Year ended 31 October 2020: | | | | |
| Profit and total comprehensive income for the year | - | - | 347,928 | 347,928 |
| Balance at 31 October 2020 | 1,000 | 249,000 | 5,832,731 | 6,082,731 |

CLARK CONTRACTS (GROUP) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

| | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|----------------------------------|-------------------------------------|------------|
| Balance at 1 November 2018 | 1,000 | 249,000 | (1,018,286) | (768,286) |
| Year ended 31 October 2019: | | | | |
| Loss and total comprehensive income for the year | - | - | (64,122) | (64,122) |
| Balance at 31 October 2019 | 1,000 | 249,000 | (1,082,408) | (832,408) |
| Year ended 31 October 2020: | | | | |
| Loss and total comprehensive income for the year | - | - | (42,955) | (42,955) |
| Balance at 31 October 2020 | 1,000 | 249,000 | (1,125,363) | (875,363) |

CLARK CONTRACTS (GROUP) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

| | | 2020 | | 2019 | |
|---|----|-------------------------|---|--------------------------|---|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 26 | (1,293,611) | | 2,102,076 | |
| Interest paid | | (42,955) | | (65,413) | |
| Income taxes paid | | (257,626) | | (512,406) | |
| Net cash (outflow)/inflow from operating activities | | <u>(1,594,192)</u> | | <u>1,524,257</u> | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (29,504) | | (89,092) | |
| Proceeds on disposal of tangible fixed assets | | - | | 13,150 | |
| Interest received | | 19,077 | | 28,014 | |
| Net cash used in investing activities | | <u>(10,427)</u> | | <u>(47,928)</u> | |
| Financing activities | | | | | |
| Repayment of bank loans | | (300,000) | | (600,000) | |
| Net cash used in financing activities | | <u>(300,000)</u> | | <u>(600,000)</u> | |
| Net (decrease)/increase in cash and cash equivalents | | <u>(1,904,619)</u> | | <u>876,329</u> | |
| Cash and cash equivalents at beginning of year | | 10,097,579 | | 9,221,250 | |
| Cash and cash equivalents at end of year | | <u><u>8,192,960</u></u> | | <u><u>10,097,579</u></u> | |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the group and its subsidiary transactions are denominated. They comprise the financial statements of the group drawn up for the year ended 31 October 2020.

The continuing activities of Clark Contracts (Group) Limited ('the group') is construction, building refurbishment and property maintenance.

The company is a private company limited by shares incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements.

The company registered number is SC478631.

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 group. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Clark Contracts (Group) Limited together with all entities controlled by the parent company (its subsidiary).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

The subsidiary is consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

The group has maintained a strong financial position during the year and the directors anticipate that the group will continue to be profit making for the year ended 31 October 2021 and beyond. The directors therefore continue to adopt the going concern assumption in the preparation of these financial statements.

The assessment of going concern includes the expected impact of COVID-19 to the entity in the 12 months following the signing of these financial statements.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.4 Turnover

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

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

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.6 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:

| | |
|-----------------------|--------------------------|
| Buildings | 2% straight line |
| Plant and equipment | 25% straight line |
| Fixtures and fittings | 10% to 33% straight line |

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.

1.7 Fixed asset investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

1.9 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.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.11 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.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

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

1.14 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.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates which are deemed to be appropriate for the class of assets. In addition, accounting estimation has been applied to the valuation of WIP, which through the directors extensive knowledge of the business and industry is deemed to be acceptable. Goodwill has been amortised over 10 years which is deemed appropriate and in line with FRS102.

3 Turnover and other revenue

The whole of the turnover is attributable to the principle activities of the group.

All turnover arose within the United Kingdom.

| | 2020 | 2019 |
|-----------------|-----------|------|
| | £ | £ |
| Grants received | 1,656,162 | - |

4 Operating profit

| | 2020 | 2019 |
|---|-------------|-----------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Government grants | (1,656,162) | - |
| Depreciation of owned tangible fixed assets | 166,992 | 234,954 |
| Profit on disposal of tangible fixed assets | - | (12,463) |
| Amortisation of intangible assets | 268,640 | 268,640 |
| Operating lease charges | 1,994,654 | 2,063,033 |

5 Auditor's remuneration

| | 2020 | 2019 |
|---|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 3,450 | 3,350 |
| Audit of the financial statements of the company's subsidiaries | 10,900 | 10,550 |
| | 14,350 | 13,900 |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

5 Auditor's remuneration (Continued)

For other services

| | | |
|------------------------------|--------------|--------------|
| Other assurance services | 3,050 | 2,950 |
| Taxation compliance services | 2,585 | 2,510 |
| | <u>5,635</u> | <u>5,460</u> |

6 Employees

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

| | Group 2020 Number | 2019 Number | Company 2020 Number | 2019 Number |
|-----------|-------------------------|----------------|---------------------------|----------------|
| Staff | 173 | 174 | - | - |
| Tradesmen | 86 | 94 | - | - |
| Total | <u>259</u> | <u>268</u> | <u>-</u> | <u>-</u> |

Their aggregate remuneration comprised:

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-----------------------|--------------------|-------------------|----------------------|-----------|
| Wages and salaries | 9,025,131 | 10,058,584 | - | - |
| Social security costs | 857,416 | 1,000,951 | - | - |
| Pension costs | 244,819 | 243,448 | - | - |
| | <u>10,127,366</u> | <u>11,302,983</u> | <u>-</u> | <u>-</u> |

7 Directors' remuneration

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 519,363 | 845,070 |
| Company pension contributions to defined contribution schemes | 23,827 | 25,694 |
| | <u>543,190</u> | <u>870,764</u> |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 144,994 | 263,521 |
| Company pension contributions to defined contribution schemes | 6,737 | 7,244 |

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The directors of the group are regarded as key management personnel. The group's social security costs for these individuals amounted to £97,838 (2019 - £122,398).

8 Taxation

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 94,672 | 532,602 |
| Adjustments in respect of prior periods | (328,091) | (57,625) |
| Total current tax | (233,419) | 474,977 |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (13,992) |
| Other adjustments | (12,290) | - |
| Total deferred tax | (12,290) | (13,992) |
| Total tax (credit)/charge | (245,709) | 460,985 |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

8 Taxation

(Continued)

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

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Profit before taxation | 102,219 | 2,392,583 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 19,422 | 454,591 |
| Tax effect of expenses that are not deductible in determining taxable profit | 52,696 | 57,018 |
| Adjustments in respect of prior years | (328,091) | (57,625) |
| Permanent capital allowances in excess of depreciation | 5,248 | 5,355 |
| Rate difference | - | 1,646 |
| Remeasurement of deferred tax for changes in tax rates | 5,016 | - |
| Taxation (credit)/charge | (245,709) | 460,985 |

9 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £42,955 (2019 - loss of £64,122).

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

10 Tangible fixed assets

| Group | Buildings | Plant and equipment | Fixtures and fittings | Total |
|------------------------------------|-----------|---------------------|-----------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 November 2019 | 2,260,127 | 398,166 | 884,226 | 3,542,519 |
| Additions | - | - | 29,504 | 29,504 |
| Disposals | - | (6,059) | (7,916) | (13,975) |
| At 31 October 2020 | 2,260,127 | 392,107 | 905,814 | 3,558,048 |
| Depreciation and impairment | | | | |
| At 1 November 2019 | 717,478 | 387,725 | 701,140 | 1,806,343 |
| Depreciation charged in the year | 46,086 | 8,181 | 112,725 | 166,992 |
| Eliminated in respect of disposals | - | (6,059) | (7,916) | (13,975) |
| At 31 October 2020 | 763,564 | 389,847 | 805,949 | 1,959,360 |
| Carrying amount | | | | |
| At 31 October 2020 | 1,496,563 | 2,260 | 99,865 | 1,598,688 |
| At 31 October 2019 | 1,542,649 | 10,441 | 183,086 | 1,736,176 |

The company had no tangible fixed assets at 31 October 2020 or 31 October 2019.

11 Intangible fixed assets

| Group | Goodwill |
|--|-----------|
| | £ |
| Cost | |
| At 1 November 2019 and 31 October 2020 | 2,686,396 |
| Amortisation and impairment | |
| At 1 November 2019 | 1,230,223 |
| Amortisation charged for the year | 268,640 |
| At 31 October 2020 | 1,498,863 |
| Carrying amount | |
| At 31 October 2020 | 1,187,533 |
| At 31 October 2019 | 1,456,173 |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

12 Fixed asset investments

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 13 | - | - | 5,596,808 | 5,596,808 |

Movements in fixed asset investments Company

| | Shares in group undertakings £ |
|--|---|
| Cost or valuation | |
| At 1 November 2019 and 31 October 2020 | 5,596,808 |
| Carrying amount | |
| At 31 October 2020 | 5,596,808 |
| At 31 October 2019 | 5,596,808 |

13 Subsidiaries

Details of the company's subsidiaries at 31 October 2020 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|-------------------------|-------------------|-------------------------|------------------|
| Clark Contracts Limited | UK | 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 £ |
|-------------------------|------------------------------|-------------|
| Clark Contracts Limited | 11,367,369 | 659,523 |

14 Debtors

| | Group 2020 £ | 2019 as restated £ | Company 2020 £ | 2019 £ |
|---|--------------------|--------------------------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 8,343,336 | 12,219,089 | - | - |
| Amounts recoverable on contracts | 3,262,181 | 3,125,585 | - | - |
| Corporation tax recoverable | 233,568 | - | - | - |
| Other debtors | 7,383,723 | 2,553,908 | - | - |
| Prepayments and accrued income | 38,642 | 347,142 | - | - |
| | <u>19,261,450</u> | <u>18,245,724</u> | <u>-</u> | <u>-</u> |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

15 Creditors: amounts falling due within one year

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|------------------------------------|-------|--------------------|-------------------|----------------------|------------------|
| Bank loans | 17 | 600,000 | 600,000 | 600,000 | 600,000 |
| Trade creditors | | 10,243,019 | 10,726,523 | - | - |
| Amounts owed to group undertakings | | - | - | 4,969,368 | 4,624,758 |
| Corporation tax payable | | - | 257,477 | - | - |
| Other taxation and social security | | 474,715 | 834,482 | - | - |
| Other creditors | | 1,635,564 | 3,863,908 | 5,342 | 8,333 |
| Accruals and deferred income | | 10,274,257 | 8,275,824 | - | - |
| | | <u>23,227,555</u> | <u>24,558,214</u> | <u>5,574,710</u> | <u>5,233,091</u> |

16 Creditors: amounts falling due after more than one year

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|------------|-------|--------------------|-----------|----------------------|-----------|
| Bank loans | 17 | 900,000 | 1,200,000 | 900,000 | 1,200,000 |

17 Loans and overdrafts

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-------------------------|--------------------|-----------|----------------------|-----------|
| Bank loans | 1,500,000 | 1,800,000 | 1,500,000 | 1,800,000 |
| Payable within one year | 600,000 | 600,000 | 600,000 | 600,000 |
| Payable after one year | 900,000 | 1,200,000 | 900,000 | 1,200,000 |

Santander hold a standard security, bond and floating charge over all of the assets in the group. There is also a cross guarantee between Clark Contracts (Group) Limited and Clark Contracts Limited in respect of a loan.

The total value of secured loans is £1,500,000 (2019 - £1,800,000).

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

18 Deferred taxation

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

| | Liabilities 2020 £ | Liabilities 2019 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| Accelerated capital allowances | 30,345 | 42,635 |

The company has no deferred tax assets or liabilities.

| | Group 2020 £ | Company 2020 £ |
|-------------------------------|--------------------|----------------------|
| Movements in the year: | | |
| Liability at 1 November 2019 | 42,635 | - |
| Credit to profit or loss | (12,290) | - |
| Liability at 31 October 2020 | 30,345 | - |

19 Share capital

| | 2020 Number | 2019 Number | 2020 £ | 2019 £ |
|--|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |

Ordinary shares are not redeemable and have full voting and participation rights.

21 Reserves

Share premium

The share premium account includes any premium received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss reserves

The profit and loss account includes all current and prior year retained profits or losses.

22 Contingent liabilities

The group had entered into performance bonds, in the normal course of the business. It is not possible to estimate the financial effect, timing or possibility of reimbursement of these bonds.

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

23 Operating lease commitments

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 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|----------------------------|--------------------|----------------|----------------------|-----------|
| Other | | | | |
| Within one year | 97,669 | 159,299 | - | - |
| Between two and five years | 36,550 | 61,699 | - | - |
| | <u>134,219</u> | <u>220,998</u> | <u>-</u> | <u>-</u> |

24 Controlling party

The ultimate controlling party of the group is Gordon Cunningham, a director and majority shareholder.

25 Prior period adjustment

The group has reclassified year end debtor balances that had been classified as work in progress in error. This is a reclassification between stock and other debtors amounting to £1,943,279 and there is no impact on the company's previously reported net assets or profit for the year.

26 Cash (absorbed by)/generated from group operations

| | 2020 £ | 2019 £ |
|--|--------------------|------------------|
| Profit for the year after tax | 347,928 | 1,931,598 |
| Adjustments for: | | |
| Taxation (credited)/charged | (245,709) | 460,985 |
| Finance costs | 42,955 | 65,413 |
| Investment income | (19,077) | (28,014) |
| Gain on disposal of tangible fixed assets | - | (12,463) |
| Amortisation and impairment of intangible assets | 268,640 | 268,640 |
| Depreciation and impairment of tangible fixed assets | 166,992 | 234,954 |
| Movements in working capital: | | |
| Increase in debtors | (782,158) | (6,211,015) |
| (Decrease)/increase in creditors | (1,073,182) | 5,391,978 |
| Cash (absorbed by)/generated from operations | <u>(1,293,611)</u> | <u>2,102,076</u> |

CLARK CONTRACTS (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

27 Analysis of changes in net funds - group

| | 1 November 2019 £ | Cash flows £ | 31 October 2020 £ |
|---------------------------------|----------------------------------|-------------------------|----------------------------------|
| Cash at bank and in hand | 10,097,579 | (1,904,619) | 8,192,960 |
| Borrowings excluding overdrafts | (1,800,000) | 300,000 | (1,500,000) |
| | <u>8,297,579</u> | <u>(1,604,619)</u> | <u>6,692,960</u> |