

**CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED
AND ITS SUBSIDIARY
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020**

RPG CROUCH CHAPMAN LLP
Chartered Accountants
62 Wilson Street
London
EC2A 2BU



CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

COMPANY INFORMATION

Directors	T A Ferncombe A Ferncombe M Guest
Company secretary	A Ferncombe
Registered number	01145372
Registered office	Cappagh House Waterside Way Wimbledon London SW17 7AB
Independent auditors	RPG Crouch Chapman LLP Chartered Accountants & Statutory Auditor 62 Wilson Street London EC2A 2BU

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

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CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The directors present the strategic report and accounts for the year ended 31 March 2020.

Business review

The year ended 31 March 2020 continued to be a good year for the Company and Group, with its trading activities generating turnover of £46m (2019: £46m) and profit before tax reaching £2.2m (2019:£3.6m). The reduction in profits before tax is principally due to a small reduction in turnover and tight market conditions, however following cost control measures the Group is in a good position to take advantage of the opportunities that may arise in the future.

The Directors are committed to monitoring overheads and to manage the cash and financial resources to their maximum potential, to increase profit and to strengthen the Group's asset base. The net assets were £21.1m (2019: £19.4m) as at 31 March 2020.

Future Prospects

By having a stable, strong management team together with the company's resources, the Group has the ability to deliver continued growth in profitability in the current economic climate. The Directors are confident of the Group's future prospects and look forward to increased levels of turnover and profitability.

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks as disclosed in the Directors Report. Given the size of the Group the directors retain the responsibility of monitoring financial risk management. The directors have set out the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. To the extent that the risk is insurable, the directors are risk averse and widely insured.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The Group recognises that COVID presented a major risk to the overall economy and has taken steps to manage the business risks and to protect its employees such that they feel in a strong position moving forward.

Financial key performance indicators

The Group's key performance indicators are disclosed below. These indicators are monitored closely by the directors to ensure optimal business performance.

Turnover and gross profit and key measures of the Group's performance. Sales for the year were £46m (2019: £46m) and gross profit was £10.9m (2019: £10.3m).

Overall profitability is a key indicator of the Group's performance. The profit before tax for the year was £2.2m (2019: £3.6m). Working capital management is seen as an important target for the business. At the year end, the net current asset level was £13.8m (2019: £12.8m).

Health and Safety

The Group places great importance in the health and safety of its workforce and operates a programme of training and monitoring for staff and visitors to its site.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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

It is within the director's duties to act in good faith to promote the success of the Group for the benefit of its members as a whole. The Group's values are aligned closely with the needs of our stakeholders and form a key role in informing the Group's decisions and strategy:

Likely long- term consequences of any decision

The Group aims to take informed fact/data based strategic and operational decisions where possible, which are backed up by thorough research, careful deliberation and consideration of likely long-term consequences.

Engagement with employees

The Group is committed to being an exemplary employer, our employees are key to our long-term success and we invest in training and development to enable them to grow their skills and maintain their motivation. We respect the rights and dignity of every employee and treat them fairly and without discrimination; team working and the sharing of knowledge are encouraged and individual and team contribution are recognised and rewarded appropriately.

Relationships with suppliers, customers and others

The Group aims to build strong relationships with both suppliers and customers which foster loyalty and mutual success. We provide clients with consistent high-quality work, through processes and practices that facilitate sustainable, safe, and efficient operations.

Community and the environment

The Group aims to be responsive to the needs of the communities in which it works and to ensure that it reduces disruption wherever possible.

High standards of business conduct

The Group takes a very ethical stand in all of its business dealings and takes into consideration their effect on a wide variety of stakeholders and issues as described above.

The Group for example forbids, eliminates and is not complicit in the use of human slavery and forced or child labour.

Need to act fairly between all members of the company

All shareholders are treated fairly and have equal rights and responsibilities.

This report was approved by the board on 14/12/2020 and signed on its behalf.



T A Ferncombe
Director

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group 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 for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,705,443 (2019 - £3,342,253).

During the year an interim dividend of £Nil. (2019: £4,000) was paid.

Directors

The directors who served during the year were:

T A Ferncombe
A Ferncombe
M Guest

Future developments

The director does not consider there to be any future developments which require specific disclosure.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Engagement with employees

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Engagement with suppliers, customers and others

The Group is committed to engage with their principal stakeholders. The Group views its suppliers, customers and employees as its principal stakeholders. All concerns or thoughts of our stakeholders are discussed at Board level and by direct engagement with stakeholders themselves. Every decision we make is taken with our stakeholders in mind and what's best for them in the long term.

Disclosure of information to auditors

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

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

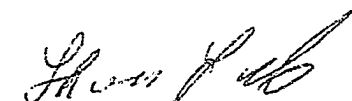
Post balance sheet events

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

Auditors

The auditors, RPG Crouch Chapman LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14/12/2020 and signed on its behalf.



T A Ferncombe
Director

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

Opinion

We have audited the financial statements of Cappagh Contractors Construction (London) Limited and its Subsidiary (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPPAGH CONTRACTORS
CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

RPG and Guyan (1)

Colin Turnbull BA (Hons) ACA (Senior Statutory Auditor)

for and on behalf of
RPG Crouch Chapman LLP

Chartered Accountants
Statutory Auditor

62 Wilson Street
London
EC2A 2BU

Date: 18th December 2020

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	45,763,885	46,185,701
Cost of sales		(34,842,486)	(35,863,928)
Gross profit		<u>10,921,399</u>	<u>10,321,773</u>
Administrative expenses		(8,763,165)	(6,866,893)
Operating profit	5	<u>2,158,234</u>	<u>3,454,880</u>
Interest receivable and similar income	9	117,710	216,253
Interest payable and expenses	10	(72,649)	(70,076)
Profit before taxation		<u>2,203,295</u>	<u>3,601,057</u>
Tax on profit	11	(497,852)	(258,804)
Profit for the financial year		<u>1,705,443</u>	<u>3,342,253</u>
Profit for the year attributable to:			
Owners of the parent Company		<u>1,705,443</u>	<u>3,342,253</u>
		<u>1,705,443</u>	<u>3,342,253</u>

There was no other comprehensive income for 2020 (2019:£NIL).

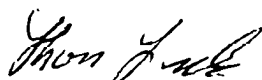
The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY
REGISTERED NUMBER:01145372

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	53,939	-
Tangible fixed assets	14	12,494,558	7,926,696
Investments	15	1,500	1,500
		<u>12,549,997</u>	<u>7,928,196</u>
Current assets			
Stocks	16	56,209	19,048
Debtors: falling due within one year	17	20,153,190	21,307,382
Cash at bank and in hand	18	11,206,127	9,948,213
		<u>31,415,526</u>	<u>31,274,643</u>
Creditors: falling due within one year	19	<u>(17,612,838)</u>	<u>(18,512,857)</u>
Net current assets		<u>13,802,688</u>	<u>12,761,786</u>
Total assets less current liabilities		<u>26,352,685</u>	<u>20,689,982</u>
Creditors: falling due after more than one year	20	(4,336,416)	(798,795)
Provisions for liabilities			
Deferred taxation	22	(944,827)	(521,188)
		<u>(944,827)</u>	<u>(521,188)</u>
Net assets		<u><u>21,071,442</u></u>	<u><u>19,369,999</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	21,071,342	19,369,899
Equity attributable to owners of the parent		<u><u>21,071,442</u></u>	<u><u>19,369,999</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/12/2020



T A Ferncombe
Director

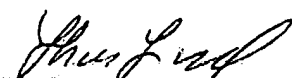
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CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY
REGISTERED NUMBER:01145372

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	11,201,223	7,926,696
Investments	15	2,816,541	1,500
		<u>14,017,764</u>	<u>7,928,196</u>
Current assets			
Stocks	16	19,048	19,048
Debtors: falling due within one year	17	19,772,258	21,307,382
Cash at bank and in hand	18	10,602,744	9,948,213
		<u>30,394,050</u>	<u>31,274,643</u>
Creditors: falling due within one year	19	(18,451,298)	(18,512,857)
Net current assets		<u>11,942,752</u>	<u>12,761,786</u>
Total assets less current liabilities		<u>25,960,516</u>	<u>20,689,982</u>
Creditors: amounts falling due after more than one year	20	(4,336,416)	(798,795)
Provisions for liabilities			
Deferred taxation	22	(637,754)	(521,188)
		<u>(637,754)</u>	<u>(521,188)</u>
Net assets		<u>20,986,346</u>	<u>19,369,999</u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	20,986,246	19,369,899
		<u>20,986,346</u>	<u>19,369,999</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/12/2020


T A Ferncombe
Director

The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity attributable to owners of the parent company
	£	£	£
At 1 April 2018	100	16,031,646	16,031,746
Comprehensive income for the year			
Profit for the year	-	3,342,253	3,342,253
Dividends: Equity capital	-	(4,000)	(4,000)
At 1 April 2019	100	19,369,899	19,369,999
Profit for the year	-	1,705,443	1,705,443
Dividends: Equity capital	-	(4,000)	(4,000)
At 31 March 2020	100	21,071,342	21,071,442

The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100	16,031,646	16,031,746
Profit for the year	-	3,342,253	3,342,253
Dividends: Equity capital	-	(4,000)	(4,000)
At 1 April 2019	100	19,369,899	19,369,999
Profit for the year	-	1,620,347	1,620,347
Contributions by and distributions to owners			
Dividends: Equity capital	-	(4,000)	(4,000)
At 31 March 2020	100	20,986,246	20,986,346

The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,705,443	3,342,253
Adjustments for:		
Amortisation of intangible assets	10,788	-
Depreciation of tangible assets	1,492,479	1,070,921
Loss on disposal of tangible assets	300,753	102,156
Interest paid	72,649	70,076
Interest received	(117,710)	(216,253)
Taxation charge	497,852	258,804
(Increase)/decrease in stocks	(18,054)	-
(Increase) in debtors	(1,711,468)	(6,623,041)
Decrease in amounts owed by joint ventures	3,600,000	925,000
(Decrease)/increase in creditors	(900,414)	5,677,511
Corporation tax (paid)	(576,461)	(305,323)
Net cash generated from operating activities	<u>4,355,857</u>	<u>4,302,104</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(211,387)	(1,415,346)
Sale of tangible fixed assets	231,989	65,586
Net cash on acquisition of subsidiaries	(1,226,677)	-
Interest received	117,710	216,253
HP interest paid	(72,649)	(70,076)
Net cash from investing activities	<u>(1,161,014)</u>	<u>(1,203,583)</u>
Cash flows from financing activities		
Net repayment of/new finance leases	(1,932,929)	(323,032)
Dividends paid	(4,000)	(4,000)
Net cash used in financing activities	<u>(1,936,929)</u>	<u>(327,032)</u>
Net increase in cash and cash equivalents	1,257,914	2,771,489
Cash and cash equivalents at beginning of year	9,948,213	7,176,724
Cash and cash equivalents at the end of year	<u>11,206,127</u>	<u>9,948,213</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11,206,127	9,948,213
	<u>11,206,127</u>	<u>9,948,213</u>

The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020**

	At 1 April 2019 £	Cash flows £	New finance leases £	At 31 March 2020 £
Cash at bank and in hand	9,948,213	1,257,914	-	11,206,127
Debt due within 1 year	(7,346)	6,313	-	(1,033)
Finance leases	(2,049,974)	1,932,929	(4,938,952)	(5,055,997)
	<u>7,890,893</u>	<u>3,197,156</u>	<u>(4,938,952)</u>	<u>6,149,097</u>

The notes on pages 15 to 33 form part of these financial statements.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Cappagh Contractors Construction (London) Limited ('the Company') is private limited company, limited by shares and incorporated in the UK. The registered office is Cappagh House, Waterside Way, Wimbledon, London, SW17 7AB.

The Company's principal activity continues to be that of repairing, renovating, maintaining and installing utility pipeline infrastructure and highway services maintenance and repair.

Allen Watson Limited, company number 02138400, is company limited by shares incorporated in the United Kingdom. The company's registered office is Rowhook Manor Estate, Bognor Road, Broadbridge Heath, Horsham, West Sussex, RH12 3PS.

Allen Watson Limited's principal activity was that of water and sewerage maintenance.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Revenue

Revenue is derived from repairing, renovating, maintaining and installing utility pipeline infrastructure and highway services maintenance and repair.

Rendering of services

Revenue is recognised when the service is provided and can be reliably measured to the extent that it is probable that the economic benefits will flow to the Group. If work is partially complete at month end, revenue is accrued for the services provided to date based on reports from surveyors.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rents receivable are recognised over the life of the rental lease.

2.4 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.5 Finance costs

Finance costs are charged to the Consolidated 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.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

The estimated useful lives range as follows:

Goodwill	-	5	years
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CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Freehold property	- 5% Straight line
Plant and machinery	- 13-15% Reducing balance method
Motor vehicles	- 25% Reducing balance method
Fixtures and fittings	- 20-25% Reducing balance method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

2.11 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.12 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

2.13 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.

2.14 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.17 Financial instruments (continued)

ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

There are no judgments that are considered to have a significant effect on the amounts recognised in the financial statements.

Estimates

There are no key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the Group's principal activities.

	2020 £	2019 £
United Kingdom	45,763,885	46,185,701
	<u>45,763,885</u>	<u>46,185,701</u>

All turnover arose within the United Kingdom.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Other operating lease rentals	501,987	357,500

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	20,500	12,000

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	8,961,154	8,190,842	8,349,816	8,190,842
Social security costs	542,296	404,527	474,638	404,527
Cost of defined contribution scheme	201,529	136,108	189,944	136,108
	<u>9,704,979</u>	<u>8,731,477</u>	<u>9,014,398</u>	<u>8,731,477</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administration	65	67	65	67
Development	117	120	100	103
	<u>182</u>	<u>187</u>	<u>165</u>	<u>170</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	243,000	240,000
	<u>243,000</u>	<u>240,000</u>

The highest paid director received remuneration of £150,000 (2019 - £150,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2019 - £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2019 - £NIL).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	117,710	216,253
	<u>117,710</u>	<u>216,253</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Finance leases and hire purchase contracts	72,649	70,076
	<u>72,649</u>	<u>70,076</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation

	2020 £	2019 £
<u>Corporation tax</u>		
Current tax on profits for the year	396,105	630,296
Adjustments in respect of previous periods	(51,470)	(400,909)
	<u>344,635</u>	<u>229,387</u>
<u>Total current tax</u>	<u>344,635</u>	<u>229,387</u>
<u>Deferred tax</u>		
Origination and reversal of timing differences	153,217	29,417
<u>Total deferred tax</u>	<u>153,217</u>	<u>29,417</u>
<u>Taxation on profit on ordinary activities</u>	<u>497,852</u>	<u>258,804</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,203,295</u>	<u>3,601,057</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	418,626	684,201
<u>Effects of:</u>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	80,908	30,681
Capital allowances for year in excess of depreciation	(131,946)	(85,501)
Adjustments to tax charge in respect of prior periods	(22,953)	(400,909)
Other timing differences leading to an increase (decrease) in taxation	-	915
Deferred tax movement	<u>153,217</u>	<u>29,417</u>
<u>Total tax charge for the year</u>	<u>497,852</u>	<u>258,804</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Dividends

	2020 £	2019 £
Dividends	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

13. Intangible assets

Group and Company

	Goodwill £
<u>Cost</u>	
Acquisition of subsidiary	64,727
At 31 March 2020	<u>64,727</u>
<u>Amortisation</u>	
Charge for the year on owned assets	(10,788)
At 31 March 2020	<u>(10,788)</u>
<u>Net book value</u>	
At 31 March 2020	<u>53,939</u>
At 31 March 2019	<u>-</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<u>Cost or valuation</u>					
At 1 April 2019	86,919	14,757,397	383,977	141,267	15,369,560
Additions	-	5,143,226	-	7,113	5,150,339
Acquisition of subsidiary	-	1,326,877	98,624	17,243	1,442,744
Disposals	-	(1,046,635)	(161,207)	-	(1,207,842)
At 31 March 2020	86,919	20,180,865	321,394	165,623	20,754,801
<u>Depreciation</u>					
At 1 April 2019	86,918	6,986,049	263,222	106,675	7,442,864
Charge for the year on owned assets	-	1,434,452	40,923	17,104	1,492,479
Disposals	-	(575,597)	(99,503)	-	(675,100)
At 31 March 2020	86,918	7,844,904	204,642	123,779	8,260,243
<u>Net book value</u>					
At 31 March 2020	1	12,335,961	116,752	41,844	12,494,558
At 31 March 2019	1	7,771,348	120,755	34,592	7,926,696

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2019	86,919	14,757,397	383,977	141,267	15,369,560
Additions	-	5,079,053	-	-	5,079,053
Disposals	-	(1,046,635)	(161,207)	-	(1,207,842)
At 31 March 2020	86,919	18,789,815	222,770	141,267	19,240,771
Depreciation					
At 1 April 2019	86,918	6,986,049	263,222	106,675	7,442,864
Charge for the year	-	1,246,111	17,025	8,648	1,271,784
Disposals	-	(575,597)	(99,503)	-	(675,100)
At 31 March 2020	86,918	7,656,563	180,744	115,323	8,039,548
Net book value					
At 31 March 2020	1	11,133,252	42,026	25,944	11,201,223
At 31 March 2019	1	7,771,348	120,755	34,592	7,926,696

15. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 April 2019	1,500
At 31 March 2020	1,500

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
<u>Cost or valuation</u>			
At 1 April 2019	-	1,500	1,500
Additions	2,815,041	-	2,815,041
At 31 March 2020	<u>2,815,041</u>	<u>1,500</u>	<u>2,816,541</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Allen Watson Limited	Rowhook Manor Estate Bognor Road Broadbridge Heath Horsham West Sussex RH12 3PS	Ordinary	100%

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	37,161	-	-	-
Work in progress (goods to be sold)	19,048	19,048	19,048	19,048
	<u>56,209</u>	<u>19,048</u>	<u>19,048</u>	<u>19,048</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,028,151	600,482	1,057,363	600,482
Amounts owed by joint ventures and associated undertakings	100,000	3,700,000	100,000	3,700,000
Other debtors	10,334,546	10,017,041	10,332,979	10,017,041
Prepayments and accrued income	8,690,493	6,989,859	8,281,916	6,989,859
	<u>20,153,190</u>	<u>21,307,382</u>	<u>19,772,258</u>	<u>21,307,382</u>

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	11,206,127	9,948,213	10,602,744	9,948,213
	<u>11,206,127</u>	<u>9,948,213</u>	<u>10,602,744</u>	<u>9,948,213</u>

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	4,449,775	4,375,260	4,632,159	4,375,260
Corporation tax	398,469	630,295	287,471	630,295
Other taxation and social security	488,799	754,121	394,441	754,121
Obligations under finance lease and hire purchase contracts	719,581	1,251,179	719,581	1,251,179
Other creditors	6,099,052	9,642,376	7,085,348	9,642,376
Accruals and deferred income	5,457,162	1,859,626	5,332,298	1,859,626
	<u>17,612,838</u>	<u>18,512,857</u>	<u>18,451,298</u>	<u>18,512,857</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

20. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Net obligations under finance leases and hire purchase contracts	4,336,416	798,795	4,336,416	798,795
	<u>4,336,416</u>	<u>798,795</u>	<u>4,336,416</u>	<u>798,795</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	719,581	1,251,179	719,581	1,251,179
Between 1-5 years	4,336,416	798,795	4,336,416	798,795
	<u>5,055,997</u>	<u>2,049,974</u>	<u>5,055,997</u>	<u>2,049,974</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(521,188)	(491,771)
Charged to profit or loss	(116,566)	(29,417)
Arising on business combinations	(270,765)	-
Utilised in year	(36,308)	-
<u>At end of year</u>	<u>(944,827)</u>	<u>(521,188)</u>

Company

	2020 £	2019 £
At beginning of year	(521,188)	(491,771)
Charged to profit or loss	(116,566)	(29,417)
<u>At end of year</u>	<u>(637,754)</u>	<u>(521,188)</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(674,405)	(521,188)	(637,754)	(521,188)
Revalued assets	(270,422)	-	-	-
	<u>(944,827)</u>	<u>(521,188)</u>	<u>(637,754)</u>	<u>(521,188)</u>

23. Share capital

	2020 £	2019 £
<u>Allotted, called up and fully paid</u>		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100

24. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

25. Business combinations

On 22 May 2019 the Company acquired 100% of the ordinary share capital of Allen Watson Limited which provides water and sewerage maintenance, considered complimentary to the Company's existing operations.

Acquisition of Allen Watson Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
<u>Fixed assets</u>			
Tangible	377,470	1,065,274	1,442,744
	<u>377,470</u>	<u>1,065,274</u>	<u>1,442,744</u>
<u>Current assets</u>			
Stocks	19,107	-	19,107
Debtors	847,837	-	847,837
Cash at bank and in hand	1,283,415	-	1,283,415
<u>Total assets</u>	<u>2,527,829</u>	<u>1,065,274</u>	<u>3,593,103</u>
<u>Creditors</u>			
Due within one year	(572,025)	-	(572,025)
Deferred tax	-	(270,765)	(270,765)
<u>Total identifiable net assets</u>	<u>1,955,804</u>	<u>794,509</u>	<u>2,750,313</u>
Goodwill			64,728
<u>Total purchase consideration</u>			<u>2,815,041</u>
<u>Consideration</u>			
			£
Cash			2,444,183
Contingent consideration			304,949
Directly attributable costs			65,909
<u>Total purchase consideration</u>			<u>2,815,041</u>

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

25. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	2,444,183
Directly attributable costs	65,909
	<u>2,510,092</u>
Less: Cash and cash equivalents acquired	(1,283,415)
<u>Net cash outflow on acquisition</u>	<u>1,226,677</u>

The results of Allen Watson Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	<u>1,751,821</u>
Profit	<u>243,166</u>

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £201,528 (2019 - £136,944). Contributions totaling £23,256 (2019 - £17,436) were payable to the fund at the reporting date and are included in other creditors.

CAPPAGH CONTRACTORS CONSTRUCTION (LONDON) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

27. Related party transactions

The company has taken advantage of the exemption within FRS 102 not to disclose related party transactions with other group companies as its voting rights are wholly-controlled within the Group. All Group balances and transactions have been eliminated on consolidation.

During the year, Cappagh Public Works Limited (a company with a common director and close family ownership) charged the company £4,578,489 (2019 £8,480,772) for plant running, fuel, materials and rental expenses. The company charged Cappagh Public Works Limited £224,002 (2019: £341,619) for recharged insurance costs. Net payments to Cappagh Public Works Limited amounted to £4,612,129 during the year. At the balance sheet date, the company owed Cappagh Public Works Limited £10,447,291 (2019: £10,704,933).

During the year, Cappagh Properties Limited (a company with a common director and close family ownership) charged the company £112,500 (2019: £225,000) for property rental. At the balance sheet date, the company owed Cappagh Properties Limited £337,500 (2019: £225,000).

The company advanced an additional loan of £Nil (2019: £1,218,899) to TM Property Holdings Limited (a company with a common director and close family ownership) and was owed £4,312,135 (2019: £4,312,135) at the year end. The loan is non-interest bearing with no fixed date for repayment.

During the year the company advanced an additional loan of £61,022 (2019: £5,170,001) to Devon and Cornwall Railways Limited (a company with a common director and close family ownership) and was owed £5,641,023 (2019: £5,580,001) at the year end. The loan is non-interest bearing with no fixed date for repayment. Also, the company charged Devon and Cornwall Railways Limited for materials and admin services provided amounting to £356,592 and incurred charges for labour and equipment amounting to £145,074 (2019: £81,022 and £119,539). The net amount received from Devon and Cornwall Railways Limited was £75,675 during the year. The amount owed by Devon and Cornwall Railways Limited at the year end was £228,317 (2019: £58,876 owed to Devon and Cornwall Railways Limited).

During the year, the company made purchases of materials from Express Concrete Limited (a company with a common director and close family control) amounting to £8,762 (2019: £1,114). At the balance sheet date, the company owed £9,516 (2019: £754).

28. Controlling party

The Company is controlled collectively by its shareholders with no individual having overall control.