Company Registration No. 01218121 (England and Wales)

M.P. MORAN & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

M.P. MORAN & SONS LIMITED

COMPANY INFORMATION

Directors	Mr M P Moran Mrs N M Moran Mr K T Moran Mr M P Moran
Secretary	Mr M P Moran
Company number	01218121
Registered office	293-301 Kilburn High Road London NW6 7JR
Auditor	Higgisons Higgison House 381-383 City Road London EC1V 1NW
Business address	293-301 Kilburn High Road London NW6 7JR

M.P. MORAN & SONS LIMITED

CONTENTS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business
M.P. Moran & Sons Ltd (the 'Company') continued trading as a builder's merchant from its five UK branches throughout 2019.

Total sales remained fairly stable at £56m in 2019 (2018: £58m). Sales performance was deemed acceptable due to generally tough economic conditions.

Net profit ended at £3.0m (2018: £3.1m). Despite 2019 being a difficult year for the industry, we managed to maintain a strong margin and we also kept all key expenses under control. As a result net profit finished higher than expected in 2019.

The Balance Sheet also strengthened and the net asset position of the Company at 31 December 2019 was increased to £11.5m (2018: £8.5m).

The results for the year and the financial position at the year-end were considered satisfactory by the directors.

Principal risks and uncertainties
The key business risks and uncertainties affecting the Company relate to volatility in trading and market conditions, competition and UK consumer confidence.

Uncertainty surrounding the resilience of the UK economy and the impact of both Covid-19 and Britain exiting the European Union continue to present a difficult trading outlook across the retail sector, particularly in terms of delivering opportunities for growth.

The Company operates in a competitive business sector that is sensitive to both prevailing economic conditions and UK consumer confidence. Should the UK economy continue to deteriorate during 2020 this would most likely have an adverse effect on the results of the Company.

The directors are confident that the Company has sufficient financial flexibility to manage the business through any worsening of the economic climate.

Key performance indicators
The directors review progress continually and in a number of different ways.

All branches and departments are monitored regularly within three main categories of assessment: General management, financial performance and stock control.

Future Developments

The Company is well placed to build on its strong position and realise opportunities to enable growth when possible. In order to help achieve this a number of business goals are in place including, but not limited to, the below:

- Achieve a higher return on investment from our existing asset base.
- Expand products offered by enhancing existing ranges and adding new lines to meet customer demands.
- Substantial growth in sales from our online trading website.
- Increase the Company's existing branch network.

These goals enable the creation of opportunities for staff and the directors are keen to support this with more staff development and talent management for its workforce.

All future developments are working towards the director's vision, which is to be the number one supplier of everything from foundations to finishing in London.

On behalf of the board

K. Moran
....

Mr K T Moran

Director

...24 July 2020

M.P. MORAN & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities
The principal activity of the company continued to be that of builders merchants.

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

Mr M P Moran
Mrs N M Moran
Mr K T Moran
Mr M P Moran

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

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

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

Employee involvement
The company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests.

Future developments
The directors consider that despite challenging times, the company will continue to trade profitably.

Auditor
The auditor, Higgisons, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

....
Mr K T Moran
Director

Date: 24-7-2020

M.P. MORAN & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

M.P. MORAN & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M.P. MORAN & SONS LIMITED

Opinion

We have audited the financial statements of M.P. Moran & Sons Limited (the 'company') for the year ended 31 December 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

Ian Shillinglaw (Senior Statutory Auditor)
for and on behalf of Higgisons

24 July 2020

Chartered Accountants
Statutory Auditor

Higgison House
381-383 City Road
London
EC1V 1NW

M.P. MORAN & SONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	56,408,503	58,064,285
Cost of sales		(33,548,491)	(35,566,602)
Gross profit		22,860,012	22,497,683
Distribution costs		(860,094)	(913,235)
Administrative expenses		(18,032,502)	(17,461,285)
Other operating income		39,936	57,758
Operating profit	4	4,007,352	4,180,921
Share of results of associates and joint ventures		26,251	21,256
Interest receivable and similar income	8	7,701	6,084
Interest payable and similar expenses	9	(126,967)	(122,461)
Profit before taxation		3,914,337	4,085,800
Tax on profit	10	(892,350)	(890,783)
Profit for the financial year		3,021,987	3,195,017

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Profit for the year	3,021,987	3,195,017
Other comprehensive income	-	-
Total comprehensive income for the year	3,021,987	3,195,017

M.P. MORAN & SONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		11,715,898		11,033,560
Investments	13		292,321		266,070
			12,008,219		11,299,630
Current assets					
Stocks	15	5,954,476		5,571,589	
Debtors	16	5,886,878		6,669,909	
Cash at bank and in hand		2,951,036		1,849,076	
		14,792,390		14,090,574	
Creditors: amounts falling due within one year	17	(12,230,688)		(13,986,716)	
Net current assets			2,561,702		103,858
Total assets less current liabilities			14,569,921		11,403,488
Creditors: amounts falling due after more than one year	18		(2,741,902)		(2,777,483)
Provisions for liabilities	21		(237,276)		(57,249)
Net assets			11,590,743		8,568,756
Capital and reserves					
Called up share capital	25		50,000		50,000
Profit and loss reserves			11,540,743		8,518,756
Total equity			11,590,743		8,568,756

The financial statements were approved by the board of directors and authorised for issue on 24-7-2020 and are signed on its behalf by:

K. Moran

Mr K T Moran
Director

Company Registration No. 01218121

M.P. MORAN & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		50,000	7,073,739	7,123,739
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	3,195,017	3,195,017
Dividends	11	-	(1,750,000)	(1,750,000)
Balance at 31 December 2018		50,000	8,518,756	8,568,756
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	3,021,987	3,021,987
Balance at 31 December 2019		50,000	11,540,743	11,590,743

M.P. MORAN & SONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	29		3,602,521		3,066,268
Interest paid			(126,967)		(122,461)
Income taxes paid			(902,914)		(960,000)
Net cash inflow from operating activities			2,572,640		1,983,807
Investing activities					
Purchase of tangible fixed assets		(1,960,625)		(1,901,933)	
Proceeds on disposal of tangible fixed assets		121,805		196,185	
Interest received		7,701		6,084	
Net cash used in investing activities			(1,831,119)		(1,699,664)
Financing activities					
Proceeds from borrowings		1,400,000		-	
Repayment of borrowings		(570,277)		(381,887)	
Repayment of bank loans		(434,890)		(261,729)	
Payment of finance leases obligations		(34,394)		(33,494)	
Dividends paid		-		(1,750,000)	
Net cash generated from/(used in) financing activities			360,439		(2,427,110)
Net increase/(decrease) in cash and cash equivalents			1,101,960		(2,142,967)
Cash and cash equivalents at beginning of year			1,849,076		3,992,043
Cash and cash equivalents at end of year			2,951,036		1,849,076

1 Accounting policies

Company information

M.P. Moran & Sons Limited is a private company limited by shares incorporated in England and Wales. The registered office is 293-301 Kilburn High Road, London, NW6 7JR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Leasehold land and buildings	Straight line basis over 15 years
Plant and machinery	25% on reducing balance method
Fixtures, fittings & equipment	25% on reducing balance method
Motor vehicles	25% on reducing balance method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

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

1 Accounting policies **(Continued)**

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

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

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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 company 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 company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 company after deducting all of its liabilities.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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 income statement, 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 when the company has 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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

The company operates a defined contribution scheme, The M P Moran & Sons Limited Pension Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge includes contributions payable by the Company to the fund and amounted to £nil (2018: £nil).

The company operates a defined contribution scheme, The Kildun Pension Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge includes contributions payable by the Company to the fund and amounted to £120,000 (2018: £120,000).

1 Accounting policies **(Continued)**

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

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

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

Turnover analysed by geographical market

	2019	2018
	£	£
United Kingdom	55,556,104	57,244,837
Rest of Europe	852,399	819,447
	56,408,503	58,064,284

3 Turnover and other revenue **(Continued)**

Other significant revenue		
Interest income	7,701	6,084

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2019 £	2018 £
Exchange losses	4,046	4,869
Depreciation of owned tangible fixed assets	1,096,229	856,163
Depreciation of tangible fixed assets held under finance leases	26,020	34,693
Loss/(profit) on disposal of tangible fixed assets	34,233	(24,799)
Operating lease charges	2,874,149	2,764,983

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £4,046 (2018 - £4,869).

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2019 £	2018 £
For audit services		
Audit of the financial statements of the company	32,000	32,000
For other services		
All other non-audit services	28,100	33,100

6 Employees

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

	2019 Number	2018 Number
Employees	256	261

6 Employees (Continued)

	2019	2018
	£	£
Wages and salaries	8,895,128	8,842,733
Social security costs	897,940	898,799
Pension costs	385,574	345,207
	10,178,642	10,086,739

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	688,291	665,137

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 4).

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

	2019	2018
	£	£
Remuneration for qualifying services	199,435	187,858

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	4,788	6,084
Other interest income	2,913	-
Total income	7,701	6,084

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	4,788	6,084

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	124,610	119,203
Other finance costs:		
Interest on finance leases and hire purchase contracts	2,357	3,258
	126,967	122,461

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	712,323	833,534
Deferred tax		
Origination and reversal of timing differences	180,027	57,249
Total tax charge	892,350	890,783

The actual 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:

	2019	2018
	£	£
Profit before taxation	3,914,337	4,085,800
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	743,724	776,302
Tax effect of expenses that are not deductible in determining taxable profit	35,599	18,747
Depreciation in excess of capital allowances	(67,000)	38,485
Deferred tax	180,027	57,249
Taxation charge for the year	892,350	890,783

11 Dividends

	2019	2018
	£	£
Interim paid	-	1,750,000

12 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	10,261,070	2,324,810	2,250,357	3,256,644	18,092,881
Additions	306,361	88,238	231,939	1,334,087	1,960,625
Disposals	-	(95,478)	-	(896,413)	(991,891)
At 31 December 2019	10,567,431	2,317,570	2,482,296	3,694,318	19,061,615
Depreciation and impairment					
At 1 January 2019	1,586,742	1,688,650	1,615,494	2,168,435	7,059,321
Depreciation charged in the year	279,218	171,535	186,941	484,555	1,122,249
Eliminated in respect of disposals	-	(90,886)	-	(744,967)	(835,853)
At 31 December 2019	1,865,960	1,769,299	1,802,435	1,908,023	7,345,717
Carrying amount					
At 31 December 2019	8,701,471	548,271	679,861	1,786,295	11,715,898
At 31 December 2018	8,674,328	636,160	634,863	1,088,209	11,033,560

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

	2019	2018
	£	£
Motor vehicles	78,060	104,080

13 Fixed asset investments

	Notes	2019	2018
		£	£
Investments in associates	14	282,321	256,070
Unlisted investments		10,000	10,000
		292,321	266,070

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

Fixed asset investments revalued

Associates are accounted for under the equity method of accounting. An equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the investor's share of the profit or loss.

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2019	256,070	10,000	266,070
Share of associate profit	26,251	-	26,251
At 31 December 2019	282,321	10,000	292,321
Carrying amount			
At 31 December 2019	282,321	10,000	292,321
At 31 December 2018	256,070	10,000	266,070

14 Associates

Details of the company's associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
M P Moran Builders Merchants Limited	Republic of Ireland	Ordinary	25.00

15 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	5,954,476	5,571,589

16 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	4,596,362	5,750,803
Amounts owed by undertakings in which the company has a participating interest	736,481	369,419
Other debtors	224,910	138,519
Prepayments and accrued income	329,125	411,168
	5,886,878	6,669,909

16 Debtors **(Continued)**

Trade debtors disclosed above are measured at amortised cost.

17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	19	200,000	317,445
Obligations under finance leases	20	35,773	35,307
Other borrowings	19	923,025	410,026
Trade creditors		4,414,701	5,281,547
Amounts owed to group undertakings		4,317,379	5,321,652
Corporation tax		5,802	196,393
Other taxation and social security		803,446	1,029,994
Deferred income	23	285	9,403
Other creditors		179,485	154,138
Accruals and deferred income		1,350,792	1,230,811
		12,230,688	13,986,716

18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	19	1,400,000	1,717,445
Obligations under finance leases	20	34,282	69,142
Other borrowings	19	1,307,620	990,896
		2,741,902	2,777,483

19 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,600,000	2,034,890
Other loans	2,230,645	1,400,922
	3,830,645	3,435,812
Payable within one year	1,123,025	727,471
Payable after one year	2,707,620	2,708,341

19 Loans and overdrafts **(Continued)**

The bank loans are secured as follows:

1) Mortgage debenture over the assets of the company.

2) First legal charge over the freehold property 449-451 Willesden High Road & buildings to the North-side of Glebe Road, Willesden, London NW10, vesting in the name of M.P. Moran Holdings Limited.

Long term debt is expected to be paid in full within 5 years from 31 December 2017.

20 Finance lease obligations

	2019	2018
Future minimum lease payments due under finance leases:	£	£
Within one year	35,773	35,307
In two to five years	34,282	69,142
	70,055	104,449

The fair value of the company's lease obligations is approximately equal to their carrying amount.

21 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	22	237,276	57,249

22 Deferred taxation

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

Balances:	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	237,276	57,249

Movements in the year:	2019 £
Liability at 1 January 2019	57,249
Charge to profit or loss	180,027
Liability at 31 December 2019	237,276

23 Deferred income

	2019	2018
	£	£
Arising from rental income	285	9,403

24 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	385,574	345,207

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

25 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties.

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

	2019	2018
	£	£
Within one year	707,317	983,150
Between two and five years	51,575	154,725
	758,892	1,137,875

27 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£	£	£	£
M.P. Moran Builders Merchants Limited	852,399	819,447	10,715	27,106

The following amounts were outstanding at the reporting end date:

	2019	2018
Amounts owed by related parties	£	£
M.P. Moran Builders Merchants Limited	736,481	369,419

The company has provided guarantees of £384,451 (€450,000) and £181,111 (€211,990) in respect of banking facilities and a loan respectively, to AIB Group (UK) Plc on behalf of M.P. Moran Builders Merchants Limited, a company incorporated in the Republic of Ireland.

The company has provided an unlimited cross guarantee on behalf of M.P. Moran Holdings Limited.

28 Ultimate controlling party

The parent company of M.P. Moran & Sons Limited is M.P. Moran Holdings Limited, a private company limited by shares incorporated in England and Wales. The registered office is 293-301 Kilburn High Road, London, NW6 7JR.

M.P. Moran Holdings Limited prepares group financial statements.

29 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	3,021,987	3,195,017
Adjustments for:		
Share of results of associates and joint ventures	(26,251)	(21,256)
Taxation charged	892,350	890,783
Finance costs	126,967	122,461
Investment income	(7,701)	(6,084)
Loss/(gain) on disposal of tangible fixed assets	34,233	(24,799)
Depreciation and impairment of tangible fixed assets	1,122,249	890,856
Movements in working capital:		
Increase in stocks	(382,887)	(417,220)
Decrease/(increase) in debtors	783,031	(773,567)
Decrease in creditors	(1,952,339)	(791,812)
(Decrease)/increase in deferred income	(9,118)	1,889
Cash generated from operations	3,602,521	3,066,268

30 Analysis of changes in net debt

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	1,849,076	1,101,960	2,951,036
Borrowings excluding overdrafts	(3,435,812)	(394,833)	(3,830,645)
Obligations under finance leases	(104,449)	34,394	(70,055)
	(1,691,185)	741,521	(949,664)