

REGISTERED NUMBER: 01534913 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
MULALLEY & CO LIMITED**

TUESDAY



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COMPANIES HOUSE

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

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FOR THE YEAR ENDED 31 MARCH 2019**

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MULALLEY & CO LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS:

B J O'Malley Esq
E O'Malley Esq
V O'Malley Esq
Ms T Taylor

SECRETARY:

E O'Malley Esq

REGISTERED OFFICE:

Teresa Gavin House
Woodford Avenue
Woodford Green
Essex
IG8 8FA

REGISTERED NUMBER:

01534913 (England and Wales)

AUDITORS:

BARNES ROFFE LLP
Chartered Accountants
and Statutory Auditor
Leytonstone House
Leytonstone
London
E11 1GA

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Directors present their strategic report on the Company for the year ended 31 March 2019

PRINCIPAL ACTIVITY

The principal activities of the Company in the year under review were Residential Development, Design and Build and Traditional Construction, Property Refurbishment and Property Maintenance Services. The Company's development activities are carried out through joint ventures.

FINANCIAL REVIEW

The Directors are pleased to report another year of satisfactory trading for the Company. As in the previous trading years our business faced many challenges with Brexit unresolved, planning delays continuing to impact on development programmes, developments with planning permission delayed by third parties and specifications for external wall and cladding materials still confused. London's construction market continued to be unstable with many clients deferring new residential schemes where they were reliant upon market sales for cross subsidy, but despite this reduction in activity, construction costs continued to increase as the public sector sought to build large numbers of new affordable homes and activity levels in other construction sectors remained robust. This instability was compounded by the higher standards sought in building regulations and employers requirements supported by numerous changes to environmental and other regulatory requirements, all resulting in additional complexity, increased costs and a greater potential for delays.

Despite these challenges, the Company delivered on all its commitments, achieved very high levels of client satisfaction and managed a notable increase in turnover of 9.2% to £148 million (2018 £135.5 million) with an operating profit margin of 1.9% (2018 3.3%). These results again reflect our Directors' long-standing policy to only pursue developments and contracts which satisfy our risk-return requirements, to monitor and always be aware of our costs and to continually seek operational efficiencies.

The Company's financial position was further strengthened with a 3.6% increase in net assets to reach £63.7 million (2018 £61.5 million). At the year end, the Company had access to £35 million of revolving credit facility.

The Company remains successful at replenishing its forward order book and as at 31 of March 2019 this was a respectable £678 million. The Company recognises the benefits of growth but will not seek growth if it increases trading risk or harms its historic levels of profitability.

Key Performance Indicators

The Directors use financial measures such as turnover, profitability margins and levels of secured workload to monitor the Company's performances as these are considered the main drivers of the Company's continued success. Turnover and profitability margins are measured on the same basis as set out in the Income Statement and considered in the financial review above.

In addition, the Directors consider non-financial indicators. These include monitoring safety performance (which remains far above the industry average), client satisfaction levels (which are positively reflected in our reputation and in the levels of repeat and negotiated works), our client's Residents satisfaction levels from our Maintenance/Decent Homes works with less than 0.02% complaints when on average we work on 2,200 homes at any one time and our continuing high levels of staff retention.

BUSINESS STRATEGY

The Directors' long-term strategy is to continue its primary focus on developing, working for and partnering with the public sector or public sector related clients across a range of workstreams both to provide a steady foundation for our businesses and for our future growth. We believe this policy has been validated by current and previous results and by the ongoing numbers of opportunities that continue to flow from that sector.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

We intend to remain risk aware and refuse contracts which do not provide financial returns commensurate with the expertise, investment and resources we employ. The Directors intend to keep our pricing and risk management policies under constant review. The Directors regularly review other public-sector construction opportunities and while we intend to remain a predominately residential based contractor we always consider non - residential projects if the risk/reward profile is acceptable.

The Company has proven strengths, an excellent reputation and a wide spread of work streams from its own developments; its partnerships and its public sector clients. These work streams are both capital and revenue funded and this allows us to react quickly to any policy changes by government and to reduce any recessionary influences on our business. Further with our considerable balance sheet strength we are well positioned to meet any financial concerns of our clients and our supply chain.

Our strong financial position also enables the Board to continue to invest considerable sums in ICT, innovation and in the ongoing skills and training of our workforce. The results of this policy are clearly seen in our retaining "Gold" status as Investors in People, our annual intake of over 35 trainees and apprentices and our training partnership with the Chartered Institute of Builders (CIOB). Environmental concerns are also very important to the Board so we were delighted that our business and our construction activities achieved carbon neutrality for the third year in succession and the work of our Environmental team was recognised at the national SHIFT Awards 2018 when they were selected as "Sustainable Team of the Year". Safety remains of the highest importance to the Board and this ongoing emphasis was again seen in our excellent safety record reflected in our RoSPA Gold accreditation for the 10th successive year and our 27th International Safety Council award.

To operate in London also requires us to be considerate of our neighbours and the community in which we work and we are pleased to say this ambition was again recognised by the Considerate Constructors Scheme (CCS) with Eight successes at the 2019 Considerate Constructor Scheme Awards including an incredible Four Gold Awards with one site selected by the CCS for the supreme accolade as their "Most Considerate in the UK and Ireland". This community ethic is further demonstrated by our retaining Gold level accreditation for the Fleet Operator Recognition (FORS) and Construction Logistics and Community Safety recognition (CLOCS).

The Board were delighted to see that the quality of our new build construction works was again recognised by the Local Authority Building Control (LABC) who shortlisted three of our new build schemes as candidates for the "Best Social or Affordable New Development in London" with one of them, McGrath Road for Newham Council winning the award. Following on from this regional success, McGrath Road has also qualified as a finalist for the LABC Grand Finals 2019. The Company also achieved accreditation under ISO 50001 and were also the first company to register with the governments Energy Savings Opportunity Scheme (ESOS).

BUSINESS ENVIRONMENT

The marketplace and number of opportunities available to the Company remained at high levels for the whole of 2018/19 and expectations are that this will continue for 2019/20 and beyond with inquiry levels currently exceeding previous years. Unfortunately, Brexit and its uncertainties remain unresolved but the Directors continue to view the London residential market as one of cyclical opportunity and suitable for ongoing capital investment albeit recognising that the development risks have increased and are likely to remain high until coherent political plans are in place and stability returns to the economy.

On a positive note following the government's latest increased rental agreement with the public housing sector we have seen a considerable increase in maintenance and refurbishment opportunities and a number of these are converting into tender successes which should impact positively on our turnover and profitability next year.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

As highlighted in previous years, the standards of construction and the technical complexity of the buildings we produce continue to evolve to meet the design expectations and increased environmental requirements of our clients and planning authorities. Therefore, we expect a degree of cost inflation to continue as the industry chases the limited resources necessary to deliver these more complex and riskier projects. This shortage of resources also increases the contracting risk as most traditional or design and build contracts regrettably and short-sightedly seek to place such risk firmly with the contractor.

The Company continues to review its exposure to new build traditional or design and build fixed price contracts preferring partnerships based on open book, or two stage tenders. Such contracts reduce our pricing risk and allow us the opportunity to introduce value engineering and other efficiencies to benefit ourselves and our clients. This policy has proven very successful with many clients complementing our teams on their ability to deliver the highest quality product and provide value for money solutions - especially when their budgets are under cost pressure. Importantly these relationships also allow the flexibility to reduce or avoid potential cost increases and manage the delivery programmes of those long-term projects which are at greatest risk from supply chain price rises.

Public sector procurement is currently governed by the Official Journal of European Union (OJEU) regulations requiring we meet a detailed and comprehensive set of criteria before we may tender for works. To save time and administration costs most public-sector clients implement these regulations by pre-qualifying a limited number of providers as an approved panel. These panels/frameworks are normally of a minimum four-year duration and as they provide sole access to the vast majority of public sectors construction and major refurbishment programmes it is important to be included. Mulalley & Co Limited continues to represent the Group on more than 50 public sector developer, construction and maintenance panels.

Planned Maintenance, Decent Homes and Residential Refurbishment

The Company has two trading divisions operating in this sector, Planned Maintenance Division and Construction Division. Both divisions traded very positively returning to more normal levels of activities and pleasingly while fire related works continued to form a sizeable percentage of their turnover we saw a return of more traditional maintenance workstreams as our public sector clients increased their maintenance expenditure. Both divisions also secured tenders and were selected for several frameworks by new clients so we expect 2019/20 to be robust.

New Build Construction

The Company's new build construction division, Special Works, continues its success at constructing major new build housing projects for our local authority clients with the delivery of schemes for Barking and Dagenham, Islington and Newham councils. It is currently on site with schemes for Hackney, Epping Forest, Islington, Watford and many other social housing landlords and also negotiating several sizeable new schemes with Peabody, Southern Housing, Paradigm, Newlon and Optivo and was recently successfully appointed to Barking and Dagenham major works framework to assist them to deliver their considerable residential ambitions. Special Works has a pipeline of more than 1,000 new homes to build for its public sector clients.

Joint Venture Developments

The Company has several joint ventures with public sector partners including One Housing Group and Peabody and actively seeks further opportunities.

During the year construction progressed on our project, Montmorency Park, in New Southgate, Enfield where Mulalley in partnership with One Housing Group are developing 517 new homes, 1,438 sqm of commercial space and a hotel. Phase one was delivered and successfully sold during the year and Phase two of the scheme comprising 135 new sales homes is well advanced with a successful sales launch in June.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Company has a second joint venture with One Housing Group for the regeneration of the Granville Road Estate in Golders Green, Barnet to provide 86 new houses and apartments for market sale and 46 shared ownership apartments. After further considerable delays caused by fire risk concerns to adjacent tower blocks and stopping up requirements a start on site is now scheduled for July 2019.

The Company has another joint venture with the Peabody Trust to redevelop two former school sites, Amersham Vale and Frankham Street to provide 345 new homes in Deptford, South East London.

The Amersham Vale project will commence on site in August 2019 and provide 120 units for sale from 2021 and the second project, Frankham Street is programmed to start early in 2020 and will provide 225 units once the development formalities are completed.

PRINCIPAL RISKS AND UNCERTAINTY

Changes to Government Policies and Brexit

The decision to leave the European Union may have implications on future levels of trading and, if not managed correctly, profitability. Our experience of the numerous governmental policy and priority changes over our previous 47 years of trading is that some areas of spending will be reduced while other sectors expand and we see no reason why this will not again prove to be the case. However, we are not complacent and will continually monitor and assess any risks which may develop in our markets. Fortunately, with our very strong financial position and the breadth and long-term nature of much of our workload we are well positioned to cope with any changes and react as necessary.

Our policy remains not to vary our existing strategies and to continue to seek to minimise any potential harm to our business by only investing in development opportunities which meet our risk profiles and our strategy.

Our long-term policy of investing in freehold and commercial property continues to provide a solid and secure basis for our business with long term tenants underpinning these investments providing excellent covenants and a strong rent roll.

The Directors believe our strong financial position, secured workload, high levels of future opportunities and our freehold and commercial assets will generate considerable turnover and future profit. We intend to continue our ongoing policy of reinvesting these monies in our people, our equipment and in financing our Company's development.

Project Delivery

Our sector already suffers from a shortage of trained staff, managers and operatives with the latter primarily sourced from other EU countries. We expect this position will remain until the exit strategy becomes clearer and we will monitor and continue our investment in training and development to seek to mitigate any adverse impacts.

Liquidity Risk

The Company's ability to secure and deliver work depends on its perceived financial strength and the availability of cash resources. The Company monitors its cash flow requirement to ensure adequate reserves are maintained to fund the growth strategies. The Company has in place a £35 million revolving credit facility to help manage short-term fluctuations in working capital.

Inflation

All economic indicators point to a continuation of the low inflation environment. However, we will regularly review and assess the likelihood, pace and scale of any movement and put in place suitable corrective measures.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to providing a safe and happy environment for our employees, partners and people in the communities we work. We are continuously reviewing our policies to ensure we meet the needs of the environment and our stakeholders.

Social Value

Social Value is an important element of who we are and throughout the year the Company donates time and resources to support the communities where we work both via direct financial support such as our donations to support Community Open days and initiatives such as the London Youth Zone , Barking and Dagenham's Summer Festivals , Newham and Stevenage's Summer Fetes and Waltham Forests year as 2019 Borough of Culture. In addition to this Mulalley and our staff do numerous community support projects donating time and materials to local groups with a social purpose such as food banks, nurseries or elderly person facilities.

All of these rewards reflect the effort and investment we continually make in our business, the efforts and engagement of our staff and our wish to give back to the communities where we work.

Health & Safety Environment

The Company is involved in activities and environments that have potential to cause injury to its employees, subcontractors, customers or members of the public as well as potentially damage property or the environment. The Company is focused on achieving the highest standards of health and safety management. This is achieved by establishing efficient and clear health and safety procedures and ensuring that strong leadership and organisational arrangements are in place to operate these procedures. A strong and empowered Health and Safety Committee meets regularly to review our processes and record their effectiveness on our sites and in our offices. The committee also updates and publishes to our staff and supply chain any changes to legislation, industry concerns and best practice via meetings and our company intranet. Health and safety performance is regularly reviewed by the Board and senior management.

Employees Policy

The Company has a policy to keep employees informed on issues which may affect or impact on their employment. This information is disseminated via our regular staff magazine "Insight", our intranet and internal departmental meetings. It is the Company's policy that equal opportunity and career development are available to all irrespective of gender, age, nationality, ethnic origin, religion, marital status or disability. The Company complies with current legislation with regard to disabled persons and gives full and fair consideration to their employment, training and career development. The Company does not tolerate sexual, mental or physical harassment in the workplace.

ON BEHALF OF THE BOARD:



Ms T Taylor - Director

18 July 2019

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

B J O'Malley Esq
E O'Malley Esq
V O'Malley Esq
Ms T Taylor

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

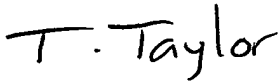
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, BARNES ROFFE LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink that reads "T. Taylor". The signature is written in a cursive, slightly slanted style.

Ms T Taylor - Director

18 July 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MULALLEY & CO LIMITED

Opinion

We have audited the financial statements of Mulalley & Co Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 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 company's affairs as at 31 March 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 Auditors' 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MULALLEY & CO LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page seven, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MULALLEY & CO LIMITED**

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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Adam Dodds (Senior Statutory Auditor)
for and on behalf of BARNES ROFFE LLP
Chartered Accountants
and Statutory Auditor
Leytonstone House
Leytonstone
London
E11 1GA

Date: 19/07/2019

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £'000	2018 £'000
TURNOVER	3	148,025	135,514
Cost of sales		<u>(134,926)</u>	<u>(121,112)</u>
GROSS PROFIT		13,099	14,402
Administrative expenses		<u>(10,363)</u>	<u>(10,057)</u>
		2,736	4,345
Other operating income		<u>55</u>	<u>73</u>
OPERATING PROFIT	6	2,791	4,418
Interest payable and similar expenses	7	<u>(6)</u>	<u>(7)</u>
PROFIT BEFORE TAXATION		2,785	4,411
Tax on profit	8	<u>(550)</u>	<u>(1,007)</u>
PROFIT FOR THE FINANCIAL YEAR		2,235	3,404
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,235</u>	<u>3,404</u>

The notes form part of these financial statements

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		330		253
CURRENT ASSETS					
Stocks	10	40,863		36,653	
Debtors	11	67,144		66,854	
Cash at bank		8,365		4,204	
		<u>116,372</u>		<u>107,711</u>	
CREDITORS					
Amounts falling due within one year	12	52,954		46,451	
NET CURRENT ASSETS			<u>63,418</u>		<u>61,260</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>63,748</u>		<u>61,513</u>
CAPITAL AND RESERVES					
Called up share capital	14		110		110
Retained earnings	15		63,638		61,403
SHAREHOLDERS' FUNDS			<u>63,748</u>		<u>61,513</u>

The financial statements were approved and authorised for issue by the Board of Directors on 18 July 2019 and were signed on its behalf by:

T. Taylor

Ms T Taylor - Director

The notes form part of these financial statements

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	110	57,999	58,109
Changes in equity			
Total comprehensive income	-	3,404	3,404
Balance at 31 March 2018	110	61,403	61,513
Changes in equity			
Total comprehensive income	-	2,235	2,235
Balance at 31 March 2019	110	63,638	63,748

The notes form part of these financial statements

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. STATUTORY INFORMATION

Mulalley & Co Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The financial statements have been prepared on the going concern basis as, in the opinion of the directors, it is expected that funding from the company's bankers, group undertakings and other creditors will continue.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Mulalley & Co Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Sherrygreen Limited, whose registered office is: Teresa Gavin House, Woodford Avenue, Woodford Green, Essex, IG8 8FA.

Entities in which the Company holds an interest and which are jointly controlled by the Company and one or more other venturers under a contractual arrangement are treated as joint arrangements. In the company's financial statements, joint arrangements are accounted for using the proportional accounting method.

Related party exemption

The company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Significant judgements and estimates - Deferred tax

Management estimation is required to determine the amount of deferred tax assets and liabilities that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Significant judgements and estimates - Carrying value of work in progress

Stocks and finished goods include work in progress in respect of development sites. On each development judgement is required to assess whether the cost of any associated work in progress is in excess of its net realisable value. Work in progress is initially recognised at cost and the company undertakes regular reviews to consider whether any impairment to the balance is considered necessary.

Significant judgements and estimates - Operating lease commitments

The Company has entered into commercial property leases as a lessee under which it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes or duty.

Construction contracts

Turnover for construction contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years.

The stage of completion is measured by reference to cost incurred to date as a percentage of total construction cost for each contract.

The amount of profit attributable to the stage of completion of a long term contract is only recognised when the outcome of the contract can be foreseen with reasonable certainty. Where the contract outcome cannot be measured reliably, turnover is recognised only to the extent of the costs recognised that are recoverable.

Provision is made for any losses as soon as they are foreseen.

Unbilled revenue is included as amounts recoverable on contracts within debtors.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES - continued

Rental income

Rental income is rent receivable and recognised on accrual basis.

Interest income

Interest income is recognised as interest accrued using the effective interest method.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

- Fixtures and equipment - 15% per annum on reducing balance basis
- Computer equipment - 20% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stock and work in progress

Stock and work in progress are stated at lower of cost and net realisable value. Cost is based on the production cost which comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Property developments in the course of construction are carried at cost as part of work in progress until such time as the property is complete.

Development land stock is stated at the lower of cost and net realisable value. Cost comprises the purchase price of land together with all attributable expenditure incurred in making ready the site for development.

Current taxation

Taxation for the year comprises current and deferred tax. Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Hire purchase and leasing commitments

Rentals payable under operating leases are charged in the income statement account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The Company only enters into basic financial instruments 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Joint arrangements

The company has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company includes its share of the assets, liabilities, profits and cash flows in such joint arrangements, measured in accordance with the terms of the arrangement and pro-rata to the company's interest in the arrangement, in its financial statements.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£'000	£'000
Wages and salaries	26,339	25,677
Social security costs	2,927	2,853
Other pension costs	813	629
	<u>30,079</u>	<u>29,159</u>

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

	2019	2018
Operations	432	412
Administration	97	95
	<u>529</u>	<u>507</u>

5. DIRECTORS' EMOLUMENTS

	2019	2018
	£	£
Directors' remuneration	697,853	718,446
Directors' pension contributions to money purchase schemes	26,000	26,000
	<u>723,853</u>	<u>744,446</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
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Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	188,936	199,762
Pension contributions to money purchase schemes	6,500	6,500
	<u>195,436</u>	<u>206,262</u>

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£'000	£'000
Hire of plant and machinery	4,432	4,861
Depreciation - owned assets	138	147
Auditors' remuneration	39	39
Other services relating to taxation	41	-
	<u></u>	<u></u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Interest and charges on late payment of taxes	6	7
	<u></u>	<u></u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax	550	1,007
	<u></u>	<u></u>
Tax on profit	550	1,007
	<u></u>	<u></u>

UK corporation tax has been charged at 19% (2018 - 19%).

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£'000	£'000
Profit before tax	2,785	4,410
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	529	838
Effects of:		
Expenses not deductible for tax purposes	120	155
Capital allowances in excess of depreciation	(1)	-
Depreciation in excess of capital allowances	-	14
Adjustments to tax charge in respect of previous periods	(78)	-
Group relief	(19)	-
Total tax charge	551	1,007

Factors affecting future tax charges:

The tax rate for the current year is set at 19%. Further reductions to UK Corporation tax rates have been substantively enacted by legislation and deferred tax positions reflect these rates.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

9. TANGIBLE FIXED ASSETS

	Fixtures & equipment £'000	Computer equipment £'000	Totals £'000
COST			
At 1 April 2018	883	1,517	2,400
Additions	-	215	215
	<hr/>	<hr/>	<hr/>
At 31 March 2019	883	1,732	2,615
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2018	809	1,338	2,147
Charge for year	11	127	138
	<hr/>	<hr/>	<hr/>
At 31 March 2019	820	1,465	2,285
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2019	63	267	330
	<hr/>	<hr/>	<hr/>
At 31 March 2018	74	179	253
	<hr/>	<hr/>	<hr/>

10. STOCKS

	2019 £'000	2018 £'000
Stocks and work in progress	39,379	31,627
Finished goods	1,484	5,026
	<hr/>	<hr/>
	40,863	36,653
	<hr/>	<hr/>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade debtors	25,375	16,932
Amounts recoverable on contracts	20,772	19,224
Amounts owed by group undertakings	20,179	30,046
Social security and other taxes	85	104
Other debtors	619	470
Prepayments	114	78
	<hr/>	<hr/>
	67,144	66,854
	<hr/>	<hr/>

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Trade creditors and subcontractors accruals	34,443	29,569
Tax	178	635
Social security and other taxes	3,924	2,486
Other creditors	3,916	1,849
Amounts due to group undertakings	46	333
Deferred income	9,930	11,015
Accrued expenses	517	564
	<u>52,954</u>	<u>46,451</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£'000	£'000
Within one year	<u>64</u>	<u>107</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£'000	£'000
110,000	Ordinary	£1	<u>110</u>	<u>110</u>

The ordinary share capital carries full voting rights in respect of dividends and capital and to participate in a distribution.

15. RESERVES

Retained earnings

The retained earnings reserves include all current and prior period retained profits and losses, net of dividends paid and other adjustments.

MULALLEY & CO LIMITED (REGISTERED NUMBER: 01534913)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

16. ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

The company's ultimate parent undertaking and ultimate controller is Sherrygreen Limited, a company registered in England. The consolidated group accounts of Sherrygreen Limited can be obtained at Companies House.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly owned subsidiaries within the group.

17. JOINT ARRANGEMENTS

At the year end, the company held a 50% interest in New Ladderswood LLP and New Granville LLP, limited liability partnerships registered in England, which have been incorporated to assist the company in carrying out a joint activity.