Company Registration No. 01618500 (England and Wales)

JOSEPH GALLAGHER LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2021

JOSEPH GALLAGHER LIMITED

COMPANY INFORMATION

Directors	J J Gallagher A T Gallagher P J Gallagher S K Harvey J T O'Dwyer C E Dale A A Matheson M G Mussell
Secretary	A T Gallagher
Company number	01618500
Registered office	Neagron House Stanford Road Orsett Essex RM16 3BX
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor Priory Place New London Road Chelmsford CM2 0PP

JOSEPH GALLAGHER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Business Review

The last year has seen the Covid-19 pandemic continue to affect the Company's activities both in the UK and more significantly Overseas.

Following March 2020 when the world was turned on its head by Covid-19 much of the last financial year has been impacted by the knock-on effects of the Pandemic on physical works, Client ability to progress works and indeed Client confidence.

JGL offices remained open throughout the Pandemic whilst following all applicable guidelines and legislation. It is however a fact that a business that relies on the successful delivery of individual projects needed to be focused on achieving delivery, minimising costs, and ensuring flow of payments from clients and to suppliers needed close and continual internal communication and prompt and flexible actions to be implemented. This could only be ensured through continual and ongoing communication. Daily focussed Senior's meetings continued throughout the year and still do to deal with the ongoing changes in the operating environment.

Despite the Government advice that Construction Projects should continue those projects have continued to be affected with commencement and progress delayed by absence of Client and other key third party personnel to get day to day approvals and permissions in place to progress works in the normal fashion. HS2 has been severely impacted by delayed commencements and on project delays due to lack of Client personnel availability. Periodic outbreaks of Covid-19 and indeed the isolation rules imposed have affected attendance at sites and offices.

Middle East operations also continued to be severely affected due largely to the fact that medical infrastructure in the countries in which the business operates is limited and consequently those countries responses to variants and overseas problems, particularly relevant being those in the UK, tended to be more severe. Access, Lockdown, and Isolation rules in the Middle Eastern Countries have throughout tended to be more severe due to the limited intensive care facilities available in the region.

Just as serious in Bahrain and Abu Dhabi has been the lack of business support available to Main Contractors which has particularly affected JGL through a lack of payment of measured works on a large project in Abu Dhabi. A dispute has crystallised in Abu Dhabi with the one Client for non-payment of signed certificates and variation works. However, attempts are currently continuing to resolve this amicably with a potential Settlement Agreement already drafted and discussions on payment terms ongoing as these accounts are filed.

The funding of non-payment in Abu Dhabi has been a large contributor to the cash position of the business during the financial year to September 2021.

The Joint Venture contract in Kuwait whilst continuing following delays has not suffered from lack of payment albeit the delays incurred have affected the funding profile which is being managed. Indeed, payment has been prompt or ahead of time. At the time of filing these accounts the Client has issued an Extension of Time of 270 days the costs of which are now being worked through between our Client and the Ultimate Client. The Joint Venture has performed extremely well in very difficult circumstances and the Client is extremely pleased with our performance.

Another challenge during the year has been the tendency for some clients to use the pandemic as a mechanism for delaying commercial resolution of variations and additional works. Whilst restricted to one or two JGL clients only this approach has also stretched funding requirements on three large Structures projects. At the time of filing these accounts the majority of these have now been resolved with settlements agreed and payment made or working its way through. This funding requirement has also contributed to the cash position ending September 2021.

The business has remained responsive to developments throughout the year with constant remodelling and reforecasting scenarios and very close management if cash due to the ongoing uncertainty.

Given the ongoing impacts of Covid-19 and its consequential impact both in the UK and just as importantly in the Middle the board are pleased to be able to report an operating profit of £1.6 million on turnover that was reduced in the year because of some delayed commencements particularly on HS2.

Whilst COVID 19 was being dealt with the impact of Brexit was to a large extent lost in the ether. Whilst not gone no impact was recognisable within the year. What has become apparent towards the end of 2021 is inflationary challenges caused by lack of materials availability and consequential risks to outturn project cost.

JGL continue to hold an outstanding reputation in both the tunnelling and specialist civil engineering arenas as well as in microtunnelling overseas particularly the Middle East. The Company offering remains one of exceptional technical capability, safe delivery whilst providing value for money.

The Company continues to pursue the BCDR award against Target Undergrounds owner in both Saudi Arabia and Bahrain. Whilst there is no value taken against this matter the business will continue to pursue this £5 million plus VAT to a conclusion.

JGL have increased the focus on securing work utilising Group assets given the uncertain times and business environment

Principal Risks and Uncertainty

The world-wide Covid-19 pandemic remains a risk although at the time of writing we seem to be very close to normality and seeking to recover time lost on projects impacted during the affected period. However, the uncertainty caused by Covid-19 has now been replaced or indeed added to by the outbreak of war in the Ukraine in February 2022. The potential impacts of this war are far reaching for us all.

As such the business remains on a footing of managing uncertainty and remaining flexible as well as adjusting the risk profile of the workload that the Company takes on.

Fixed price Lump Sum contracts on rigid terms and conditions are being reviewed very closely prior to even pricing such works and any commitment is being scrutinised in detail. Tenders currently do not commit on steel and concrete prices until at least the point of award and/or in line with the commitments being made by material s suppliers. This is moving the business to a more infrastructure-based workload. The contract terms for such work tend to be fairer to the constructing entity with clear timelines and processes for the resolution of variations.

The behaviour of some structures developers in what have been difficult times have shaped the work winning activities of JGL going forward.

On a positive note, despite delays, HS2 is moving ahead and with other major projects the amount of tunnelling work in the UK is at an all-time high. Indeed, skilled resource will be an issue which is being address by bringing specialist resource in from our Middle East operations It is worthy of note that we have Egyptian, Iranian, Thai and other nationalities operating Tunnel Boring Machines on some of the Country's most prestigious projects.

The Government's commitments to building back better and fuelling recovery through investment in infrastructure, as well as building back towards carbon neutrality continue to play to the strengths of the tunnelling, directional drilling, and specialist civil engineering side of the business.

The business has 93% of its 2022 UK workload secured and over 50% of the 2023 forecast workload in hand. The turnover expectations remain tempered with the focus being on profitability, cash generation and use of Group Assets whilst market conditions remain uncertain. Any growth will be driven by the availability of profitable cash generative opportunities in what remain very uncertain times.

The business continues to adopt detailed and thorough contract reviews to ensure early warning of any issues. This process continues to be run alongside the detailed forecasting of future activities. The constant focus on forecasting has served the business well during the pandemic and will continue to do so as we get to the other side of this major business interruption. The monthly contract review process feeds into the monthly Board Meetings.

The principal risks and uncertainty fall into 5 categories which are constantly monitored. Namely

- The new normal post Covid-19.
- The Impact of Brexit.
- The Impact of the Ukraine War
- Resolution of outstanding payment in Abu Dhabi
- Material, Plant and Labour cost volatility.

The new normal post COVID-19 has seen significant increase in infrastructure spend which combined with HS2 now being full steam ahead has helped the business refocus on contracts with more favourable terms and move away from commercial and residential development wherein a deterioration in Client behaviours has been experienced along with significant market uncertainty.

Whilst the Brexit impact is still somewhat unclear, we are seeing little impact on work volumes currently, that is not being alleviated by the Governments drive to invest in infrastructure. An eye must be kept on the cost base for projects when and if any cost increases are a result of Brexit albeit the war in the Ukraine is having a significant impact at the moment.

Resolution of the historic payment issue in Abu Dhabi is underway and some progress is being made. The affected project was completed early in 2020 to 2021 financial year and as such any costs have ceased and it is now a process of recovery of certified monies.

Kuwait is going well, and payment is on time or indeed early with a very good client. In the numbers only headline contribution is included, and turnover sits outside within the Joint Venture accounts. As such the company turnover is somewhat understated. The project will be completed during the Financial Year ending September 2022 and work is underway to locate the next Kuwait project.

The Ukraine War has had a significant and immediate effect on the cost of fuel, steel and indeed any materials that require transport. Currently no supplier will fix material prices for more than 4 weeks and this is being factored into tenders. Labour and Plant costs are also increasing and along with material costs remain in constant focus to ensure Project outturns can be maintained.

The uncertainty of the last two years has led the business to have a 2-year focussed business plan to deal with the changing position and the requirement to minimise risk and exposure to uncertainty.

Financial key performance indicators

The business has had a challenging year particularly from a cash perspective as an indirect result of the Pandemic but has maintained profitability

	2021	2020
Turnover	£94m	£103m
Gross Margin	£9.6m	£8.6m
GP %	10.3%	8.3%
Profit Before Tax	£1.6m	£1.2m
PBT%	1.7%	1.2%
Net cash	(£6.8m)	£0.2m

Turnover for the business has reduced by 9% during the financial year because of delayed project commencements. The business has however remained profitable with 1.7% pre-tax profits.

The cash position has deteriorated mainly due to non-payment in Abu Dhabi and delayed resolution settlement of variations on structures projects in the UK. At the time of going to print the UK variation issue is mainly resolved and progress is being made in a payment schedule from Abu Dhabi.

JOSEPH GALLAGHER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Given the events of the last 12 months and the ongoing impacts of the pandemic the directors are satisfied with the results. There is no doubt that the pandemic and its consequences have continued to interrupt the progress of the business, but the prompt and flexible response has minimised the impact.

The forward order book for 2022 now stands at £82m with very probable opportunities an additional £9m. Indeed over £50m is already in hand for 2023. However, the focus is on profitability, use of Group Assets and cash generation not building turnover. Should opportunities arise that meet these criteria that result in turnover growth then they will be pursued. The business has a 2-year plan in the current uncertain environment to secure the right opportunities on the right terms.

The business has adequate facilities in place to service our current and future position. The financial accounts are prepared on the going concern basis.

Environmental Performance

In the last 18 months JGL has taken the initiative on sustainability rather than following our clients. A full time Environmental lead has now been in place for 2 years and the Company Environmental and Sustainability Plan is reported against at each Board meeting covering key areas:

- Energy
- Carbon
- Waste
- Resources and sustainable procurement
- Skills and Employment
- Climate Change

The Business should be ISO 50001 accredited by April 2022.

People

In difficult times the resilience and adaptability of the company's workforce has impressed both the Company's' management and its clients. Alongside our staff's longstanding technical prowess these qualities continue to give our clients an unrivalled service. The Company is still investing in its future with progressive training and via an active apprenticeship scheme.

Other Key Performance Indicators

The Business continues with its LIFE Culture and the target to be an example to the industry in its approach to Health and Safety. Whilst operating at Tier 2 level in many areas the business takes a lead on Health and Safety wherever possible LIFE is now part of the business identity.

Succession

During 2021 the Gallagher family and key members of the Board have been involved in extensive succession planning to see the business through the coming years in a clear and sustainable manner. Changes to the Operating Board and the implementation of an Ownership Council will be announced in the coming months which will make clear the future direction and governance of the business.

On behalf of the board

J J Gallagher
Director

Date: 6th June 2022

JOSEPH GALLAGHER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Principal activities

The principal activity of the company continued to be that of mining engineering.

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid in current or prior year.

Directors

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

J J Gallagher	
A T Gallagher	
P J Gallagher	
S K Harvey	
J T O'Dwyer	
C E Dale	
A A Matheson	
M G Mussell	(Appointed 30 October 2020)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Future developments

The company remains focussed on securing specialist engineering contracts for blue chip clients with an emphasis on negotiating contracts from a position of being a partner of choice. This position of seeking to be the preferred choice is built on the Groups approach to Health and Safety and reputation for on time and quality delivery. The ongoing success of this approach continues to see most of the Company's Projects being secured via negotiation.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Energy and carbon reporting
Environmental Performance

In the last 18 months JGL has taken the initiative on sustainability rather than following our clients. A full time Environmental lead has now been in place for 2 years and the Company Environmental and Sustainability Plan is reported against at each Board meeting covering key areas;

- Energy
- Carbon
- Waste
- Resources and sustainable procurement
- Skills and Employment
- Climate Change

The Business should be ISO 50001 accredited by April 2022

With respect to the Company performance to September 2021:

Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2021, this is the Company's first-time adoption of disclosures on energy and carbon. The table below represents Joseph Gallagher Ltd energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK for the year ended 30 September 2021. The data covers all offices, project, and operations in the UK.

UK Greenhouse gas emissions and energy use data for the period 1 October 2020 to 30 September 2021

Energy consumption used to calculate emissions (kWh)
Energy consumptions break down (kWh):
Red diesel 2,980,998.68
White diesel 1,099,459.76
HVO 229,416.61
Electricity 99,089.59
Petrol 54,273.38
Total Energy Consumption (kWh) 4,463,237.34

Tonnes CO2e
Scope 1 emissions in metric tonnes CO2e
Red diesel 915.66
White diesel 353.17
Petrol 17.24
HVO 5.99
Total 1292.06

Scope 2 emissions in metric tonnes CO2e
Purchase of electricity 27.17
Total 27.17

Scope 3 emissions in metric tonnes CO2e
Materials 18943.23
Waste management 525.65
Material transport 212.32
Waste Transport 130.00
Water 0.27
Waste landfilled/disposed 0.00018
Total 19,811.47

Total Gross Emissions in Metric Tonnes CO2e 21130.7

- 234.2tCO2e per £1million turnover for 2021
- 49.5MWh per £1million turnover for 2021

Emission figures to 1 decimal place Emission factors are based on Government published 2021 GHG conversion factors

Joseph Gallagher Ltd – SECR Methodology Statement 2021
The SECR submission has been compiled using the 2021 HM Government Environmental Reporting Guidelines.

Emissions have been grouped according to the GHG Protocol Corporate Standard.

We have used the following data sources for the report for the;

- Energy and Fuel Data – Energy supplier billing data.
- Transport Data – Company mileage records.
- Material Data – supplier invoice

tCO2e have been calculated using the 2021 UK Government Conversion Factors for Company Reporting.

Emissions have been calculated by using the company calendar year of 2021 and as this only cover 9 months of Joseph Gallagher Ltd financial year, we used the additional calendar year data to estimate Joseph Gallagher Limited's first years streamlined energy and carbon report for the financial year of 2021.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information

Matters of strategic importance
Information is not shown within the Directors' Report as it is instead included within the Strategic Report under S414c(11). It has done so in respect of financial risk management.

Directors' statement of compliance with duty to promote the success of the Company
The directors of the company are actively aware of the requirement for them to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In considering this duty the director considers the following stakeholders;

Shareholders
The shareholders are also directors of the company have regular contact with the rest of the board in order to maximise the Company's long term growth prospects.

Employees

The directors recognise the crucial role their employees play and the importance of having good relations with them as this is fundamental to the continued success of our business. When it comes to decision making the directors factor in the implication on the workforce, where applicable and feasible. The directors consider effective communication with the staff to an integral part of good management, there the company regularly communicates up to date information to staff through informal meetings or emails Joseph Gallagher Limited continues to carry out its duties as a responsible employer by being able to attract and motivates its employees by ensuring they are provided with adequate pay and benefits, support for career progression and a safe work environment.

Customers and suppliers

The board is committed to building trusted partnerships with our customers and suppliers, which are crucial to delivering many of our commitments. The Company's customer base range consists mainly of large blue chip companies. The director's priorities compliance with Health and Safety rules to ensure that on site risks are mitigated reducing any adverse publicity to the end client.

The company maintains various key relationships to ensure the smooth running of our business.

Community and the environment

The Company's approach is to use our position of strength to create positive change for the people and communities with we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

The Directors also encourage regular attendance at industry related networking events in order to build and maintain strong relationships within the civil engineering community.

Going concern

The company generated a profit before tax of £1,592,814 (2020: £1,198,490) in the year ended 30 September 2021 and at that date the company had net assets of £17,551,494 (2020: £16,023,593). The financial statements are prepared on the going concern basis. This assumes that the company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements and will be able to meet its debts as they fall due The business works as a Group with the company using SPA (Specialist Plant Associates Limited) and NRC (N.R C Plant Limited) assets on significant elements of its workload. We acknowledge that the positive liquidity has been affected, most predominantly where SPA assets have been utilised in the Middle East. Particularly on the large contract in Abu Dhabi wherein subsequent non-payment to date has impacted the overall Liquidity given significant SPA asset utilisation on the project. This situation has significantly improved since the September 2021 balance sheet contained herein through positive results from the Middle East and indeed elsewhere that Group assets have been utilised It is also worthy of note that action to rectify the payment situation is in progress and will further positively impact the already improved picture once resolved

The company has a secured pipeline in excess of £80m for the following 12 months and are currently under consideration for of work in both submitted and pending enquiries. This 'spine' workload carried through into the next 24 months puts the business in an incredibly strong position in what could potentially be an uncertain 18 months for the global economy In common with many other businesses the company has been affected by the worldwide coronavirus (Covid-19) pandemic. The company was fortunate that the government allowed construction sites to remain open during the initial lock down phase so works could continue albeit at a slower pace due to social distancing measures that had to be put in place Notwithstanding, all of the secured projects went ahead and with the newly secured business in the period, the business exceeded our budgetary targets despite the challenging times faced for all businesses. The company has taken advantage of all available coronavirus relief schemes offered by the Government of the United Kingdom such as the commitment to fund 80% of salaries up to a maximum limit for employees who are furloughed The group obtained a CBILS loan to improve the working capital of the business The company will also seek to reduce expenditure which is considered unnecessary at this time or which can be delayed Due to the use of government schemes and reductions in expenditure, the directors believe at the time of signing these financial statements that they should be prepared on a going concern basis.

On behalf of the board

J J Gallagher
Director

Date: 6TH JUNE 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOSEPH GALLAGHER LIMITED

Opinion

We have audited the financial statements of Joseph Gallagher Limited (the 'company') for the year ended 30 September 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 or the directors' report.

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

- adequate accounting records have not been kept, 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 set out on page 10, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOSEPH GALLAGHER LIMITED (CONTINUED)

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected legal costs, board minutes, and other relevant sources for evidence of undisclosed issues.

The audit engagement team identified the risk of management override of controls and management bias in accounting estimates relating to revenue recognition on long term contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates relating to revenue recognition on long term contracts by challenging assumptions and judgements made by management in relation to contract accounting, including the expected margin through assessment of post year end performance and stage of completion, through discussions with the relevant individuals and inspection of year end valuations.

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

Use of our report

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

RSM UK Audit LLP

Andrew Monteith (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
Priory Place
New London Road
Chelmsford
CM2 0PP
8th June 2022.

JOSEPH GALLAGHER LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	4	93,809,457	103,093,175
Cost of sales		(84,160,783)	(94,530,001)
Gross profit		9,648,674	8,563,174
Administrative expenses		(7,809,964)	(7,902,658)
Other operating income		375,086	846,680
Operating profit	7	2,213,796	1,507,196
Interest receivable and similar income	9	2,666	68
Interest payable and similar expenses	10	(623,648)	(308,774)
Profit before taxation		1,592,814	1,198,490
Tax on profit	11	(64,913)	402,210
Profit for the financial year		1,527,901	1,600,700

Company Registration No. 01618500

JOSEPH GALLAGHER LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Fixed assets					
Tangible assets	12		2,397,887		2,957,433
Investments	13		7,210,543		7,200,088
			9,608,430		10,157,521
Current assets					
Debtors falling due after more than one year	17	2,311,970		3,730,470	
Debtors falling due within one year	17	32,095,819		30,179,753	
Cash at bank and in hand		1,179,101		214,270	
		35,586,890		34,124,493	
Creditors: amounts falling due within one year	18	(27,137,060)		(27,380,838)	
Net current assets			8,449,830		6,743,655
Total assets less current liabilities			18,058,260		16,901,176
Creditors: amounts falling due after more than one year	19		(334,577)		(712,170)
Provisions for liabilities	22		(172,189)		(165,413)
Net assets			17,551,494		16,023,593
Capital and reserves					
Called up share capital	25		5,001		5,001
Revaluation reserve	26		6,824,604		6,824,604
Capital redemption reserve	26		100		100
Profit and loss reserves	26		10,721,789		9,193,888
Total equity			17,551,494		16,023,593

The financial statements were approved by the board of directors and authorised for issue on 6th June 2022 and are signed on its behalf by:

J J Gallagher
Director

JOSEPH GALLAGHER LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 October 2019	5.001	6 824,604	100	7,593,188	14,422,893
Year ended 30 September 2020:					
Profit and total comprehensive income for the year	-	-	-	1,600,700	1,600,700
Balance at 30 September 2020	5,001	6,824,604	100	9,193.888	16,023,593
Year ended 30 September 2021:					
Profit and total comprehensive income for the year	-	-	-	1,527,901	1,527,901
Balance at 30 September 2021	5.001	6,824,604	100	10 721,789	17,551.494

1 Accounting policies

Company information

Joseph Gallagher Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Neagron House, Stanford Road, Orsett, Essex, RM16 3BX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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 including the provisions of the large Companies and Groups (Accounts and Reports) Regulations 2008.

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 investments. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Joseph Gallagher Limited is a wholly owned subsidiary of Joseph Gallagher Group Limited and the results of Joseph Gallagher Limited are included in the consolidated financial statements of Joseph Gallagher Group Limited which available from its registered office, Neagron House, Stanford Road, Orsett, Essex, United Kingdom, RM16 3BX

1 Accounting policies (Continued)

Going concern

The company generated a profit before tax of £1,592,814 (2020: £1,198,490) in the year ended 30 September 2021 and at that date the company had net assets of £17,551,494 (2020: £16,023,593). The financial statements are prepared on the going concem basis. This assumes that the company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements and will be able to meet its debts as they fall due. The business works as a Group with the company using SPA (Specialist Plant Associates Limited) and NRC (N.R.C Plant Limited) assets on significant elements of its workload. We acknowledge that the positive liquidity has been affected, most predominantly where SPA assets have been utilised in the Middle East. Particularly on the large contract in Abu Dhabi wherein subsequent non-payment to date has impacted the overall Liquidity given significant SPA asset utilisation on the project. This situation has significantly improved since the September 2021 balance sheet contained herein through positive results from the Middle East and indeed elsewhere that Group assets have been utilised. It is also worthy of note that action to rectify the payment situation is in progress and will further positively impact the already improved picture once resolved.

The company has a secured pipeline in excess of £80m for the following 12 months and are currently under consideration for of work in both submitted and pending enquiries. This 'spine' workload carried through into the next 24 months puts the business in an incredibly strong position in what could potentially be an uncertain 18 months for the global economy In common with many other businesses the company has been affected by the worldwide coronavirus (Covid-19) pandemic. The company was fortunate that the government allowed construction sites to remain open during the initial lock down phase so works could continue albeit at a slower pace due to social distancing measures that had to be put in place Notwithstanding, all of the secured projects went ahead and with the newly secured business in the period, the business exceeded our budgetary targets despite the challenging times faced for all businesses. The company has taken advantage of all available coronavirus relief schemes offered by the Government of the United Kingdom such as the commitment to fund 80% of salaries up to a maximum limit for employees who are furloughed. The group obtained a CBILS loan to improve the working capital of the business. The company will also seek to reduce expenditure which is considered unnecessary at this time or which can be delayed Due to the use of government schemes and reductions in expenditure, the directors believe at the time of signing these financial statements that they should be prepared on a going concern basis

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured Revenue is measured as the fair value of the consideration received or receivable, excluding discounts. rebates, value added tax and other sales taxes The following criteria must also be met before revenue is recognised:

Revenue from work completed under contract is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing the certified value to-date to the overall value of the contract Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the costs and materials incurred that are recoverable.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs

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

1 Accounting policies (Continued)

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	Over the lease term
Plant and machinery	10% or 20% straight line
Fixtures and fittings	10% or 33% straight line
Motor vehicles	25% straight line

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

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at fair value at the reporting end date. 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.

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 Accounting policies (Continued)

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 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 trade and other debtors, accrued income, amounts recoverable on long term contracts, corporation tax recoverable and amounts owed by group undertakings, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, accruals and amounts owed to group undertakings, 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

1 **Accounting policies (Continued)**

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of 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.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1 **Accounting policies (Continued)**

Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

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

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

Construction contracts

The company recognises revenue arising on long term construction contracts. These contracts require estimates to be made for total construction costs and revenues, where the expected outcome of long term contractual obligations can span more than one period. Management bases its judgement of contract costs and revenues, as well as the stage of completion of a project, and any related accruals or provisions, on the latest available information, including contract valuations.

Recoverability of trade debtors

The company provides against trade debtors as appropriate at year end, taking into account payments received post year end and historic payment patterns.

3 Prior period adjustment

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 30 Sep 2020
	£	£	£
Creditors due within one year	(23,380,838)	(4,000,000)	(27,380,838)
Bank loans	(500,000)	500,000	-
Amounts owed to group undertakings	(2,488,711)	(4,500,000)	(6,988,711)
Creditors due after one year	(4,712,170)	4,000,000	(712,170)
Bank loans	(4,000,000)	4,000,000	-
Net assets	16,023,593	-	16,023,593
Capital and reserves			
Total equity	16 023,593	-	16,023,593

A prior period adjustment has been accounted for in respect of the loan supported by the Coronavirus Business Interruption Scheme. This was incorrectly included in the financial statements of Joseph Gallagher Limited, as the loan was granted to another group company rather than Joseph Gallagher Limited

For the year ended 30 September 2020 this has resulted in a decrease in bank loans due within one year of £500,000, a decrease in bank loans due after more than one year of £4,000,000 and an increase in amounts owed to group undertakings of £4,500,000.

There was no impact on profit for the year ended 30 September 2020 or profit and loss reserves at 30 September 2020.

4 Turnover and other revenue

The whole of the turnover is attributable to the company's principal activity.

	2021	2020
	£	£
Other revenue		
Interest income	2,666	68
Grants received	103,086	574,680
Management charges receivable	272,000	272,000

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	90,212,457	101,969,628
Rest of the world	3,597,000	1,123,547
	93,809,457	103,093,175

Grants received includes income in respect of the government Coronavirus Job Retention Scheme and government grants to aid businesses with the financial impact of the COVID-19 pandemic.

5 Employees

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

	2021	2020
	Number	Number
Site operatives	217	132
Technical staff	62	67
Administration	33	37
Total	312	236

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	16,959,227	12,835,258
Social security costs	2,430,540	1,464,827
Pension costs	481,976	449,344
	19,871,743	14,749,429

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	1,171,239	944,605
Company pension contributions to defined contribution schemes	75,797	62,110
	1,247,036	1,006,715

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 5).

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

	2021	2020
	£	£
Remuneration for qualifying services	224,394	186,023

7 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(188)	2,009
Government grants	(103,086)	(574,680)
Depreciation of owned tangible fixed assets	439,101	992,912
Depreciation of tangible fixed assets held under finance leases	620,719	-
Profit on disposal of tangible fixed assets	(2,200)	-
Operating lease charges	131,841	161,494

8 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the company	56,000	42,000

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

9 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2,666	68

10 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	482,834	216,382
Interest payable to group undertakings	84,475	62,995
Interest on finance leases and hire purchase contracts	56,339	29,397
	623,648	308,774

11 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	58,137	(469,547)
Deferred tax		
Origination and reversal of timing differences	(45,460)	67,337
Changes in tax rates	52,236	-
Total deferred tax	6,776	67,337
Total tax charge/(credit)	64,913	(402,210)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	1,592,814	1,198,490
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	302,635	227,713
Tax effect of expenses that are not deductible in determining taxable profit	95,777	15,679
Effect of change in corporation tax rate	41,325	-
Capital allowances for year in excess of depreciation	(11,101)	(56,767)
Losses relieved from group companies	(363,723)	(186,625)
R&D tax credit	-	(469,547)
Deferred tax charge	-	67,337
Taxation charge/(credit) for the year	64,913	(402,210)

JOSEPH GALLAGHER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2020	-	6,544,882	651,858	451,853	7,648,593
Additions	19,598	446,353	34,323	-	500,274
Disposals	-	-	-	(84,085)	(84,085)
At 30 September 2021	19,598	6,991,235	686,181	367,768	8,064,782
Depreciation and impairment					
At 1 October 2020	-	3,906,587	488,706	295,867	4,691,160
Depreciation charged in the year	-	907,845	102,092	49,883	1,059,820
Eliminated in respect of disposals	-	-	-	(84,085)	(84,085)
At 30 September 2021	-	4,814,432	590,798	261,665	5,666,895
Carrying amount					
At 30 September 2021	19,598	2,176,803	95,383	106,103	2,397,887
At 30 September 2020	-	2,638,295	163,152	155,986	2,957,433

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

	2021	2020
	£	£
Plant and machinery	1,149,002	1,858,238
Motor vehicles	106,103	155,989
	1,255,105	2,014,227

13 Fixed asset investments

	Notes	2021	2020
		£	£
Investments in subsidiaries	14	7,200,087	7,200,087
Investments in associates	15	1	1
Investments in joint ventures	16	10,455	-
		7,210,543	7,200,088

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 October 2020	8,088,685
Additions	10,455
At 30 September 2021	8,099,140
Impairment	
At 1 October 2020 & 30 September 2021	888,597
Carrying amount	
At 30 September 2021	7,210,543
At 30 September 2020	7,200,088

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
N R C Plant Limited	Neagron House Stanford Road, Orsett, Essex, United Kingdom, RM16 3BX	Sales and hire of cranes	Ordinary	100.00
Specialist Plant Associates Limited	Neagron House Stanford Road, Orsett, Essex, United Kingdom, RM16 3BX	Plant hire, sales and manufacture	Ordinary	100.00
Johnston Trenchless Limited	Neagron House Stanford Road, Orsett, Essex, United Kingdom, RM16 3BX	Dormant	Ordinary	100.00
Joseph Gallagher Civil Engineering (Dublin) Limited	East Point Plaza East Point, Dublin	Dormant	Ordinary	100.00
Joseph Gallagher International Limited	407 Kahlifa Bin Zayed, The First St , Al Danah, Abu Dhabi, UAE	Mining and engineering	Ordinary	100.00
Joseph Gallagher Ltd Lebanon	South Lebanon, Tyre, Al. Abbaseyeh, Real state no. 3894, third floor	Dormant	Ordinary	100.00

The company's investment in Specialist Plant Associates Limited, which cost £372,613, was revalued in previous years to £3,300,000. The company's investment in NRC Plant Limited, which cost £2,783, was revalued in previous years to £3,900,000 This valuation was frozen upon the adoption of FRS 102.

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

Should the investment be sold at their valuation, no tax charge would arise under Taxation of Chargeable Gains Act 1992, Schedule 7AC.

15 Associates

Details of the company's associates at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Kuwait British Company	Kuwait City, Alshareq, Alawkaf building-Floor 8th office no 17	Mining engineering	Ordinary	24.00

16 Joint ventures

Details of the company's joint ventures at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held Direct
Al Hassanain JGL Contracting of Roads, Sewer and Bridges Co WLL	Al-Wataniya Tower 7th Floor, Fahed Al-Salem Street, Al-Qibla, Kuwait City, State of Kuwait	Construction and engineering	Ordinary	50.00

17 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	3,383,134	3,556,036
Amounts recoverable on long term contracts	15,646,106	15,584,778
Corporation tax recoverable	67,904	-
Amounts owed by group undertakings	12,205,952	8,291,451
Amounts owed by joint venture	346,106	-
Other debtors	74,825	2,288,241
Prepayments and accrued income	371,792	459,247
	32,095,819	30,179,753

Amounts falling due after more than one year:	2021 £	2020 £
Trade debtors	2,311,970	3,730,470

Total debtors	34,407 789	33,910,223

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 as restated £
Bank overdrafts	20	8,009,501	-
Obligations under finance leases	21	336,458	448,295
Trade creditors		5,884,555	10,280,670
Amounts owed to group undertakings		5,652,322	6,988,711
Taxation and social security		1,073,418	388,545
Other creditors		222,406	92,008
Accruals and deferred income		5,958,400	9,182,609
		27,137,060	27,380,838

The hire purchase and finance leasing creditors are secured on the assets to which they relate.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

19 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 as restated £
Obligations under finance leases	21	334,577	712,170

The hire purchase and finance leasing creditors are secured on the assets to which they relate.

20 Borrowings

	2021 £	2020 as restated £
Bank overdrafts	8,009,501	-
Payable within one year	8,009,501	-

The bank overdraft is secured by way of a fixed and floating charge dated 20 January 2014 over all assets of the company in favour of HSBC Bank Plc, plus an unlimited multilateral guarantee given by group companies.

21 Finance lease obligations

	2021	2020
Future minimum lease payments due under finance leases:	£	£
Less than one year	336,458	448,295
Between one and five years	334,577	712,170
	671,035	1,160,465

22 Provisions for liabilities

	Notes	2021	2020
		£	£
Deferred tax liabilities	23	172,189	165,413

23 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
Balances:	£	£
Accelerated capital allowances	178,731	173,102
Short term timing differences	(6,542)	(7,689)
	172,189	165,413

	2021
Movements in the year:	£
Liability at 1 October 2020	165,413
Charge to profit or loss	6 776
Liability at 30 September 2021	172,189

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 30 September 2021

24 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	481,976	449,344

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. Contributions totalling £37,221 (2020: £40,466) were payable to the fund at the reporting date and are included in creditors.

25 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary shares of £1 each	5,001	5,001	5,001	5,001

The company's ordinary shares have full rights in the company with respect to voting, dividends and distributions.

26 Reserves

Revaluation reserve
Included in the revaluation reserve are all previous revaluations of investments.

Capital redemption reserve
Included in the capital redemption reserve are all the previous buy backs of shares

Profit and loss account
Included in the profit and loss account are all previous profits and losses.

27 Financial commitments, guarantees and contingent liabilities

A Composite Company unlimited multilateral guarantee has been given by the company and its parent companies Joseph Gallagher Group Limited and its subsidiaries, N.R.C Plant Limited and Specialist Plant Associates Limited to its bankers to secure all the liabilities of each other.

The company's bankers have a fixed and floating charge over the assets of the company.

Total liabilities of other group companies secured by this arrangement total £7,283,917.

28 Operating lease commitments

Lessee

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:

	2021	2020
	£	£
Within one year	66,325	68,851
Between one and five years	167,365	156,402
In over five years	75,000	150,000
	308,690	375,253

29 Related party transactions

During the year, costs of £972,675 (2020: £Nil) were recharged to to a joint venture of the company. At the year end £346,106 (2020, £Nil) was owed by the joint venture.

30 Ultimate controlling party

Joseph Gallagher Group Limited is the ultimate parent company. Joseph Gallagher Group Limited is the smallest and largest group for which consolidated accounts including Joseph Gallagher Limited are prepared. The consolidated accounts for Joseph Gallagher Group Limited are available from its registered office Neagron House, Stanford Road, Orsett, Essex RM16 3BX