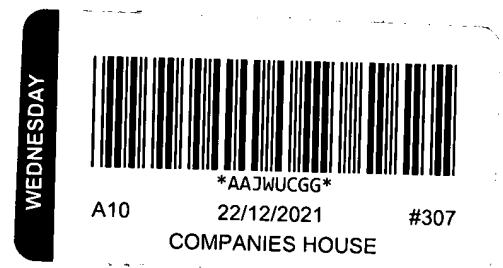


COMPANY REGISTRATION NUMBER: 02791973

Advanced Roofing Limited
Financial Statements
31 March 2021



JACKSONS BUSINESS SERVICES LIMITED
Chartered Certified Accountants & statutory auditor
Ash Tree Court
Mellors Way
Nottingham Business Park
Nottingham
NG8 6PY

Advanced Roofing Limited

Financial Statements

Year ended 31 March 2021

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Advanced Roofing Limited

Strategic Report

Year ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

Business Review

Advanced Roofing Limited is a specialist roofing contractor in the commercial and industrial sectors covering new builds and refurbishments predominantly in the UK. Formed in 1993 the company undertakes work on behalf of local and national companies.

Key Financial data

The directors are pleased with the performance of the company. The company has once again generated turnover for the year of £10.6m (2020 £10.6m) which reflects the continued work undertaken on behalf of clients which the company has retained through its policy of client service and working with clients. Gross profit for the year amounted to £2.1m (2020 2.3m) Net current assets were £1.1m (2020 £1.2m) and shareholders' funds £1.56m (2020 £1.66m).

Results for the year demonstrate the underlying strength of the company.

Principal Risks, Uncertainties and Financial Risk Management

Like most companies in the construction industry the initial lockdown impacted on contracts being undertaken due primarily to site closures. However, the directors were encouraged by the governments early strategy to recommence construction work. The directors remain encouraged by the Governments support of the construction industry, roll out of the vaccination and booster programme, and continued plans to ease restrictions.

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and competitive risk.

Price Risk

The company's exposure to price risk consists mainly of movements in the cost of materials and sub contract labour. The directors keep under review the price fluctuations and agree contract prices in advance with clients and suppliers.

Credit risk

The company is exposed to the usual credit risk associated with this type of business with its main area of risk being the agreement of applications for payment and variations on projects. In order to manage credit risk, the directors review projects on a regular basis in order to identify and monitor performance and make provisions for identified risks

Liquidity risk

The company has a strong balance sheet and continues to maintain low levels of net debt relative to its cash reserves.

Competitive risk

The company operates in a competitive market with projects subject to tender. The Directors are confident that the quality of service provided, coupled with competitive pricing will, continue to deliver high customer retention rates and attract new business in a highly competitive market.

Future developments and performance

The company has secured further projects. The company will retain its strong financial position in order to ensure that it is able to deliver its on-going services and maintain its ability to complete projects of varying size and complexity without external financing pressure.

The directors continue to implement a long term strategy that will enable further growth and continuity of strong margins. Additional projects have been secured in order to support the continued growth.

Advanced Roofing Limited

Strategic Report *(continued)*

Year ended 31 March 2021

This report was approved by the board of directors on 20 December 2021 and signed on behalf of the board by:



Mr D M Hartshorn
Director

Registered office:
Advanced House
Littlewell Lane
Stanton-by-Dale
Derbyshire
United Kingdom
DE7 4QW

Advanced Roofing Limited

Directors' Report

Year ended 31 March 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Directors

The directors who served the company during the year were as follows:

Mr D M Hartshorn
Mrs L M Hartshorn
Mr R J Clapp

(Resigned 9 July 2020)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

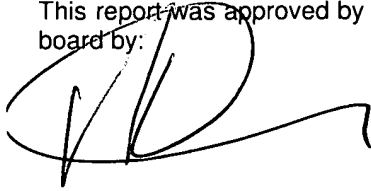
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Advanced Roofing Limited

Directors' Report *(continued)*

Year ended 31 March 2021

This report was approved by the board of directors on 20 December 2021 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'D M Hartshorn', written over the text 'board by:'.

Mr D M Hartshorn
Director

Registered office:
Advanced House
Littlewell Lane
Stanton-by-Dale
Derbyshire
United Kingdom
DE7 4QW

Advanced Roofing Limited

Independent Auditor's Report to the Members of Advanced Roofing Limited

Year ended 31 March 2021

Opinion

We have audited the financial statements of Advanced Roofing Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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.

Advanced Roofing Limited

Independent Auditor's Report to the Members of Advanced Roofing Limited (continued)

Year ended 31 March 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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, 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.

Advanced Roofing Limited

Independent Auditor's Report to the Members of Advanced Roofing Limited (continued)

Year ended 31 March 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and UK tax legislation.

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity in the compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Advanced Roofing Limited

Independent Auditor's Report to the Members of Advanced Roofing Limited (continued)

Year ended 31 March 2021

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Mr Julian Paul Jackson (Senior Statutory Auditor)

For and on behalf of
Jacksons Business Services Limited
Chartered Certified Accountants & statutory auditor
Ash Tree Court
Mellors Way
Nottingham Business Park
Nottingham
NG8 6PY

20 December 2021

Advanced Roofing Limited
Statement of Income and Retained Earnings
Year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	10,610,724	10,680,579
Cost of sales		8,414,861	8,358,208
Gross profit		<u>2,195,863</u>	<u>2,322,371</u>
Administrative expenses		1,884,420	2,118,216
Other operating income	5	<u>140,201</u>	<u>3,674</u>
Operating profit	6	451,644	207,829
Other interest receivable and similar income	10	—	113
Interest payable and similar expenses	11	<u>1,189</u>	<u>330</u>
Profit before taxation		450,455	207,612
Tax on profit	12	<u>90,310</u>	<u>32,929</u>
Profit for the financial year and total comprehensive income		<u>360,145</u>	<u>174,683</u>
Dividends paid and payable	13	(456,401)	(155,120)
Retained earnings at the start of the year		<u>1,665,442</u>	<u>1,645,879</u>
Retained earnings at the end of the year		<u>1,569,186</u>	<u>1,665,442</u>

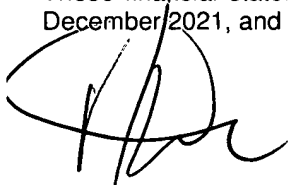
All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Advanced Roofing Limited
Statement of Financial Position
31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	454,381	463,063
Investments	15	<u>1</u>	<u>1</u>
		454,382	463,064
Current assets			
Stocks	16	37,269	45,860
Debtors	17	2,090,240	1,980,393
Cash at bank and in hand		<u>750,365</u>	<u>751,968</u>
		2,877,874	2,778,221
Creditors: amounts falling due within one year	18	<u>1,701,631</u>	<u>1,498,474</u>
Net current assets		1,176,243	1,279,747
Total assets less current liabilities		1,630,625	1,742,811
Creditors: amounts falling due after more than one year	19	17,384	21,839
Provisions	21	<u>24,055</u>	<u>35,530</u>
Net assets		<u>1,589,186</u>	<u>1,685,442</u>
Capital and reserves			
Called up share capital	25	20,000	20,000
Profit and loss account	26	<u>1,569,186</u>	<u>1,665,442</u>
Shareholders funds		<u>1,589,186</u>	<u>1,685,442</u>

These financial statements were approved by the board of directors and authorised for issue on 20 December 2021, and are signed on behalf of the board by:



Mr D M Hartshorn
Director

Company registration number: 02791973

The notes on pages 12 to 24 form part of these financial statements.

Advanced Roofing Limited

Statement of Cash Flows

Year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	360,145	174,683
<i>Adjustments for:</i>		
Depreciation of tangible assets	133,832	136,426
Government grant income	(140,201)	(3,674)
Other interest receivable and similar income	–	(113)
Interest payable and similar expenses	1,189	330
Loss on disposal of tangible assets	13,218	5,733
Tax on profit	90,310	32,929
Accrued (income)/expenses	(4,649)	6,716
<i>Changes in:</i>		
Stocks	8,591	(21,211)
Trade and other debtors	(113,521)	(161,038)
Trade and other creditors	110,474	(66,976)
Cash generated from operations	459,388	103,805
Interest paid	(1,189)	(330)
Interest received	–	113
Tax paid	(49,568)	(154,408)
Net cash from/(used in) operating activities	<u>408,631</u>	<u>(50,820)</u>
Cash flows from investing activities		
Purchase of tangible assets	(208,075)	(212,380)
Proceeds from sale of tangible assets	69,707	38,501
Net cash used in investing activities	<u>(138,368)</u>	<u>(173,879)</u>
Cash flows from financing activities		
Proceeds from borrowings	(8)	(139)
Proceeds from loans from group undertakings	50,000	150,000
Government grant income	140,201	3,674
Payments of finance lease liabilities	(5,658)	27,497
Dividends paid	(456,401)	(155,120)
Net cash (used in)/from financing activities	<u>(271,866)</u>	<u>25,912</u>
Net decrease in cash and cash equivalents	<u>(1,603)</u>	<u>(198,787)</u>
Cash and cash equivalents at beginning of year	<u>751,968</u>	<u>950,755</u>
Cash and cash equivalents at end of year	<u>750,365</u>	<u>751,968</u>

The notes on pages 12 to 24 form part of these financial statements.

Advanced Roofing Limited
Notes to the Financial Statements
Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Advanced House, Littlewell Lane, Stanton-by-Dale, Derbyshire, DE7 4QW, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the balance sheet date the company continued to have a healthy cash balance and strong net current assets totalling £1,176,243. At the time of signing the accounts the company have incurred post year end losses due to the rescheduling of contracts due to COVID 19. At the time of approving the financial statements the directors have considered the impact that this will have on the company's ability to trade over the forthcoming 12 month period and the ongoing effect of COVID 19. Contract work postponed has been rescheduled and the company continues to tender for and win contracts. The Directors forecast a return to profitability by the forthcoming year end 31 March 2022. The company's reserves remain strong post year end and the company continues to have no reliance on external finance whilst supplier relationships continue to remain favourable. On this basis the directors have prepared these financial statements on a going concern basis.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, that are believed to be reasonable under the circumstances. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of retentions and amounts due on construction contracts

The company makes an estimate of the recoverable value of retentions held by customers as part of the contractual terms and amounts due on construction contracts. The directors consider factors including a review of the type of work performed and the progress of the individual jobs assessed by the company quantity surveyors. Additional estimates are made to consider any further costs to deliver the full terms of the contract.

Depreciation

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that they are appropriate. The actual lives and residual values are assessed annually and may vary depending on a number of factors. In reassessing the lives of assets, factors such as technological advances, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and potential disposal values.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	15% reducing balance
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Investments in joint ventures *(continued)*

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Construction contracts	<u>10,610,724</u>	<u>10,680,579</u>

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grant income	<u>140,201</u>	<u>3,674</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	133,832	136,426
Loss on disposal of tangible assets	<u>13,218</u>	<u>5,733</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>14,000</u>	<u>11,500</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 No.	2020 No.
Production staff	<u>52</u>	<u>54</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	1,987,056	2,079,494
Social security costs	84,106	102,864
Other pension costs	<u>113,436</u>	<u>123,614</u>
	<u>2,184,598</u>	<u>2,305,972</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	<u>45,566</u>	<u>189,933</u>

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

10. Other interest receivable and similar income

	2021	2020
	£	£
Other interest receivable and similar income	<u>—</u>	<u>113</u>

11. Interest payable and similar expenses

	2021	2020
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>1,189</u>	<u>330</u>

12. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	101,785	48,504
Adjustments in respect of prior periods	<u>—</u>	<u>(15,550)</u>
Total current tax	<u>101,785</u>	<u>32,954</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(11,475)</u>	<u>(25)</u>
Tax on profit	<u>90,310</u>	<u>32,929</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	<u>450,455</u>	<u>207,612</u>
Profit on ordinary activities by rate of tax	85,586	39,446
Adjustment to tax charge in respect of prior periods	11,475	(15,550)
Effect of expenses not deductible for tax purposes	4,724	9,033
Effect of capital allowances and depreciation	—	25
Deferred tax movement	<u>(11,475)</u>	<u>(25)</u>
Tax on profit	<u>90,310</u>	<u>32,929</u>

13. Dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>456,401</u>	<u>155,120</u>

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

14. Tangible assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2020	158,359	83,127	689,465	930,951
Additions	10,894	6,835	190,346	208,075
Disposals	—	—	(194,444)	(194,444)
At 31 March 2021	169,253	89,962	685,367	944,582
Depreciation				
At 1 April 2020	85,537	41,460	340,891	467,888
Charge for the year	12,558	7,275	113,999	133,832
Disposals	—	—	(111,519)	(111,519)
At 31 March 2021	98,095	48,735	343,371	490,201
Carrying amount				
At 31 March 2021	71,158	41,227	341,996	454,381
At 31 March 2020	72,822	41,667	348,574	463,063

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 March 2021	28,928
At 31 March 2020	38,571

15. Investments

	Shares in group undertakings £
Cost	
At 1 April 2020 and 31 March 2021	1
Impairment	
At 1 April 2020 and 31 March 2021	—
Carrying amount	
At 31 March 2021	1
At 31 March 2020	1

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

16. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	<u>37,269</u>	<u>45,860</u>

17. Debtors

	2021	2020
	£	£
Trade debtors	1,746,123	1,921,672
Amounts owed by customers on construction contracts	45,241	3,379
Prepayments and accrued income	64,479	54,628
Other debtors	<u>234,397</u>	<u>714</u>
	<u>2,090,240</u>	<u>1,980,393</u>

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,202,631	1,031,506
Amounts owed to group undertakings	200,001	150,001
Accruals and deferred income	106,796	115,119
Corporation tax	100,721	48,504
Social security and other taxes	65,490	127,240
Obligations under finance leases and hire purchase contracts	4,455	5,658
Director loan accounts	30	38
Other creditors	<u>21,507</u>	<u>20,408</u>
	<u>1,701,631</u>	<u>1,498,474</u>

National Westminster Bank Plc hold a debenture dated 05/04/1995 against all assets of the company.

19. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Obligations under finance leases and hire purchase contracts	<u>17,384</u>	<u>21,839</u>

National Westminster Bank Plc hold a debenture dated 05/04/1995 against all assets of the company.

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	4,455	5,658
Later than 1 year and not later than 5 years	17,384	21,839
	<u>21,839</u>	<u>27,497</u>

21. Provisions

	Deferred tax (note 22)
	£
At 1 April 2020	35,530
Charge against provision	(11,475)
At 31 March 2021	<u>24,055</u>

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 21)	<u>24,055</u>	<u>35,530</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	<u>24,055</u>	<u>35,530</u>

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £113,436 (2020: £123,614).

24. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>140,201</u>	<u>3,674</u>

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

25. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Shares issued and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Shares issued and partly paid

	2021		2020	
	No.	£	No.	£

26. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	751,968	(1,603)	750,365
Debt due within one year	(155,697)	(48,789)	(204,486)
Debt due after one year	<u>(21,839)</u>	<u>4,455</u>	<u>(17,384)</u>
	<u>574,432</u>	<u>(45,937)</u>	<u>528,495</u>

Advanced Roofing Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

28. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

2021				
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr D M Hartshorn	(38)	210,358	(210,350)	(30)
Mr R J Clapp	—	—	—	—
	<u>(38)</u>	<u>210,358</u>	<u>(210,350)</u>	<u>(30)</u>
2020				
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr D M Hartshorn	(176)	50,538	(50,400)	(38)
Mr R J Clapp	(1)	1	—	—
	<u>(177)</u>	<u>50,539</u>	<u>(50,400)</u>	<u>(38)</u>

29. Controlling party

The ultimate parent company is DM Hartshorn Holdings Limited, a company whose registered office and principal place of business address is Advanced House, Littlewell Lane, Stanton-By-Dale, Derbyshire, DE7 4QW.