

COMPANY REGISTRATION NUMBER: 03431388

Bateman Groundworks Limited
Financial statements
31 December 2019

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Bateman Groundworks Limited

Financial statements

Year ended 31 December 2019

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Bateman Groundworks Limited

Officers and professional advisers

The board of directors

Mr R A Bateman
Mr D W Marsh
Mr J M Ramsey
Mr L Nicholas
Mrs B A Bateman
Mr D A Lefevre

Company secretary

Mr R A Bateman

Registered office

4 Octagon Business Park
Hospital Road
Little Plumstead
Norwich
Norfolk
NR13 5FH

Auditor

Lovewell Blake LLP
Chartered accountants & statutory auditor
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

Bateman Groundworks Limited

Strategic report

Year ended 31 December 2019

Introduction

The principal activity of the company during the year was that of groundworks and light civil engineering, with focus on the new build house sector.

Strategy

The company will look to strengthen its reputation in the sector through the continued provision of high levels of customer service and continue its current focus to attract new contracts and new clients on a local and regional basis in both the new build residential and commercial sectors.

Objectives

The company aims to increase turnover and gross margin through increased levels of activity, stronger pricing and active management. To increase net profit by containing overhead levels and ensuring maximum efficiency whilst maintaining good client communications and support. To provide above industry standard training at all levels of the company, encompassing highest levels of health and safety training and management. To ensure full provision of best technology and plant.

Coronavirus

Since the year end, most of the world has been heavily impacted by the coronavirus and measures taken by governments to mitigate or halt its spread.

The construction industry has been affected by the lockdown imposed by the government, with each of our sites being closed down for a certain period during this time.

The company has been able to mitigate the impact of this by using the government coronavirus job retention scheme where site closures or reduced production demand has been experienced. In addition a full business review has been performed which unfortunately resulted in a number of positions being made redundant to reshape the business in order to match the current production demand.

The company has been able to recommence work on the majority of sites whilst adhering to social distancing guidance and adopting revised health and safety procedures to ensure the safety of all staff, customers and residents. The company has a significant value of existing awarded contracts to deliver for the major housebuilders in the region and continues to see high levels of enquiries for new site starts during 2020 and 2021.

Management continue to keep the situation under continuous assessment and have put in place contingency measures and plans for a number of scenarios in order to mitigate the worst of the impact to the business.

Principal risks and uncertainties

The economic and political uncertainty caused by the UK's exit of the European Union remains a risk to business. Alongside this is the ongoing impact from the coronavirus pandemic.

To mitigate both of these and the volatility they can cause to demand in our industry, management have been regularly assessing the business' resilience to change and establishing plans that act to safeguard the business against a number of scenarios and their impact on turnover.

The company is more agile to change, has developed strong relationships with clients and suppliers and has reinvested profits over the last few years to retain a robust balance sheet and financial position. The company is well positioned to manage current and future risks and capitalise on the opportunities at present and ahead.

Bateman Groundworks Limited

Strategic report *(continued)*

Year ended 31 December 2019

Business review

2019 has been a consistently strong year throughout, with particularly high levels of productivity in the second and third quarter following new site wins and continued phases at existing sites. This period saw the company achieve record sales figures for consecutive months and grow overall turnover substantially. Year on year turnover increased by over 32% to £31.4m. This increase in turnover and the continued drive to improve efficiency contributed to achieve a net profit before tax of £2.4m.

Operationally the company continued to set high standards for health and safety practices and programme delivery providing it with a competitive advantage and helping secure a number of quality contracts with new and existing clients in the year. Throughout 2019 the company continued to invest in its plant, machinery and vehicle fleet and its people, ensuring it remains well positioned for further planned growth.

The shareholders funds amount to £6.4m (2018: £5.1m).

The year end position of the company is considered to be satisfactory.

The directors have evaluated the company's financial position including reviewing post year end management information and forward looking information. The company made use of the government support packages in place during lockdown and are now fully operational. The directors consider the company has sufficient cash and financing arrangements to meet its liabilities as they fall due.

The key performance indicators are considered to be turnover and profit. Given the straightforward nature of the business, the company directors are of the opinion that further analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Future outlook

Despite uncertainty over the economic recovery from the continued impact of coronavirus, the company remains in a very strong position. The company has a good order book with a number of long-term contracts and is in negotiations on a number of new projects in the local area that are expected to commence during Q4 2020.

While production levels and turnover during 2020 have been significantly impacted by the nationwide lockdown caused by the coronavirus, demand in the local market remains high and operating activity has resumed on most sites.

The financial and operational resilience planning incorporated within the business has helped the company navigate through a challenging 2020 and sees it well positioned to deliver on existing contracts and capitalise on new opportunities in the coming months and years as confidence increases. Client intelligence on future demand provides confidence for the foreseeable future.

Bateman Groundworks Limited

Strategic report *(continued)*

Year ended 31 December 2019

This report was approved by the board of directors on 12/08/2020 and signed on behalf of the board by:



Mr R A Bateman
Company Secretary

Registered office:
4 Octagon Business Park
Hospital Road
Little Plumstead
Norwich
Norfolk
NR13 5FH

Bateman Groundworks Limited

Directors' report

Year ended 31 December 2019

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

Directors

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

Mr R A Bateman
Mr D W Marsh
Mr J M Ramsey
Mr I Hacon
Mr L Nicholas
Mrs B A Bateman
Mr D A Lefevre

I Hacon resigned as a director on 31 January 2020.

Dividends

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

Political donations

During the year the company made total political donations of £18,000 to the Conservative Party.

Financial instruments

The company's principal financial instruments comprise the business bank account and overdraft facility, trade creditors and debtors, bank loan and hire purchase funding. These financial instruments provide the necessary funding for the company's operations and grant the company access to raise funds when required.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 27 to the financial statements.

Disclosure of information in the strategic report

The company has taken advantage of the exemptions available in section 414C(11) of the Companies Act 2006 with regards to the disclosure of certain information in the directors report. Such information is now included in the Strategic Report starting on page 2 which contains appropriate detailed information of the review of the business during the year and the principal risks and uncertainties affecting the company and its business.

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.

Bateman Groundworks Limited

Directors' report *(continued)*

Year ended 31 December 2019

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.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 12/08/2020 and signed on behalf of the board by:



Mr R A Bateman
Company Secretary

Registered office:
4 Octagon Business Park
Hospital Road
Little Plumstead
Norwich
Norfolk
NR13 5FH

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Bateman Groundworks Limited (the 'company') for the year ended 31 December 2019 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 December 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited (continued)

Year ended 31 December 2019

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.

Bateman Groundworks Limited

Independent auditor's report to the member of Bateman Groundworks Limited (continued)

Year ended 31 December 2019

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Orford FCA CF (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

12/08/2020

Bateman Groundworks Limited

Statement of income and retained earnings

Year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	31,388,194	23,690,124
Cost of sales		(26,038,611)	(19,641,360)
Gross profit		5,349,583	4,048,764
Administrative expenses		(2,988,121)	(2,435,311)
Other operating income	5	60,960	72,008
Operating profit	6	2,422,422	1,685,461
Other interest receivable and similar income	10	3,983	143,000
Interest payable and similar expenses	11	(55,998)	(81,774)
Profit before taxation		2,370,407	1,746,687
Tax on profit	12	(541,564)	(367,635)
Profit for the financial year and total comprehensive income		1,828,843	1,379,052
Dividends paid and payable	13	(832,610)	(650,000)
Retained earnings at the start of the year		5,134,983	4,405,931
Retained earnings at the end of the year		6,131,216	5,134,983

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

Bateman Groundworks Limited

Statement of financial position

31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	4,316,850	4,144,606
Current assets			
Stocks	15	396,550	297,649
Debtors	16	6,183,500	6,844,048
Cash at bank and in hand		2,140,779	810,743
		<u>8,720,829</u>	<u>7,952,440</u>
Creditors: Amounts falling due within one year	17	<u>(5,649,414)</u>	<u>(5,646,579)</u>
Net current assets		<u>3,071,415</u>	<u>2,305,861</u>
Total assets less current liabilities		<u>7,388,265</u>	<u>6,450,467</u>
Creditors: Amounts falling due after more than one year	18	(948,136)	(1,124,435)
Provisions			
Taxation including deferred tax	20	<u>(306,931)</u>	<u>(189,067)</u>
Net assets		<u>6,133,198</u>	<u>5,136,965</u>
Capital and reserves			
Called up share capital	23	100	100
Share premium account	24	1,782	1,782
Capital redemption reserve	24	100	100
Profit and loss account	24	6,131,216	5,134,983
Shareholder funds		<u>6,133,198</u>	<u>5,136,965</u>

These financial statements were approved by the board of directors and authorised for issue on 12/05/2020, and are signed on behalf of the board by:

Mr R A Bateman
Director

Company registration number: 03431388

The notes on pages 13 to 24 form part of these financial statements.

Bateman Groundworks Limited

Statement of cash flows

Year ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,828,843	1,379,052
<i>Adjustments for:</i>		
Depreciation of tangible assets	754,902	742,466
Fair value adjustment of investment property	–	(143,000)
Other interest receivable and similar income	(3,983)	–
Interest payable and similar expenses	55,998	81,774
Loss/(gains) on disposal of tangible assets	4,061	(11,989)
Tax on profit	541,564	367,635
<i>Changes in:</i>		
Stocks	(98,901)	(175,495)
Trade and other debtors	660,548	(4,171,305)
Trade and other creditors	(24,969)	1,779,984
Cash generated from operations	3,718,063	(150,878)
Interest paid	(55,998)	(81,774)
Interest received	3,983	–
Tax paid	(458,111)	(804,884)
Net cash from/(used in) operating activities	<u>3,207,937</u>	<u>(1,037,536)</u>
Cash flows from investing activities		
Purchase of tangible assets	(220,564)	(175,965)
Proceeds from sale of tangible assets	28,616	270,648
Net cash (used in)/from investing activities	<u>(191,948)</u>	<u>94,683</u>
Cash flows from financing activities		
Repayments of borrowings	(51,115)	(49,321)
Payments of finance lease liabilities	(802,228)	(880,020)
Dividends paid	(832,610)	(650,000)
Net cash used in financing activities	<u>(1,685,953)</u>	<u>(1,579,341)</u>
Net increase/(decrease) in cash and cash equivalents	1,330,036	(2,522,194)
Cash and cash equivalents at beginning of year	810,743	3,332,937
Cash and cash equivalents at end of year	<u>2,140,779</u>	<u>810,743</u>

The notes on pages 13 to 24 form part of these financial statements.

Bateman Groundworks Limited

Notes to the financial statements

Year ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4 Octagon Business Park, Hospital Road, Little Plumstead, Norwich, Norfolk, NR13 5FH.

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 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

The financial statements have been prepared on a going concern basis. Along with many businesses in the country, the company has been affected by the impact of coronavirus and measures taken to combat this.

The company has been affected by the nationwide lockdown, however has been able to recommence work on the majority of sites whilst adhering to social distancing guidance and ensuring the safety of staff, customer and residents. A full business review has been undertaken in order to reshape the business to adapt to the current production demand.

The situation is continually evolving and is being regularly assessed by the directors, who have considered various potential scenarios. Despite these unprecedented times, and for the reasons stated above, the directors feel the company is in a position to continue to trade for the foreseeable future.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

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, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- i) Revenue recognition and the profit measurement on construction contracts.
- ii) Retention calculation, including the anticipated costs of remedial works.
- iii) Valuation of investment property.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. 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:

- i) Depreciation and the estimation of the residual value of the asset at the end of its useful economic life.
- ii) Anticipated costs of remedial works as included within the retention figure held by third parties.

Revenue recognition

Turnover represents the total amount receivable from groundworks and other light civil engineering services provided during the year, recognised at the point at which the company has earned the right to the consideration by fulfilling its obligation with respect to the work.

Retentions at 31 December 2019, which have not been invoiced to customers, have been recognised as turnover. The company also provides for the anticipated costs for remedial work associated with that expected turnover.

Income tax

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

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.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are 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:

Freehold property	-	2% straight line
Improvements to short leasehold property	-	Straight line over the period of the lease
Plant, machinery, fixtures and equipment	-	17.5% - 20% reducing balance and 25% straight line
Motor vehicles	-	20% straight line

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Work in progress is certified by the customer and is valued at the certified selling price.

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.

Financial instruments

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

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.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Financial instruments *(continued)*

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.

Defined contribution pension 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.

4. Turnover

Turnover arises from:

	2019 £	2018 £
Construction contracts	<u>31,388,194</u>	<u>23,690,124</u>

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

5. Other operating income

	2019 £	2018 £
Rent received and other recharges	<u>60,960</u>	<u>72,008</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Depreciation of tangible assets	754,902	742,466
Loss/(gains) on disposal of tangible assets	4,061	(11,989)
Impairment of trade debtors	–	100,000
Operating lease costs	<u>166,822</u>	<u>108,353</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>13,750</u>	<u>13,350</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>1,650</u>	<u>1,600</u>

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

8. Staff costs

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

	2019 No.	2018 No.
Production staff	198	180
Administrative staff	23	20
	<u>221</u>	<u>200</u>

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

	2019 £	2018 £
Wages and salaries	8,413,909	6,292,586
Social security costs	764,807	730,306
Other pension costs	259,273	200,357
	<u>9,437,989</u>	<u>7,223,249</u>

9. Directors' remuneration

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

	2019 £	2018 £
Remuneration	1,045,135	680,833
Company contributions to defined contribution pension plans	35,187	31,298
	<u>1,080,322</u>	<u>712,131</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019 No.	2018 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2019 £	2018 £
Aggregate remuneration	333,079	191,635
Company contributions to defined contribution pension plans	12,500	—
	<u>345,579</u>	<u>191,635</u>

10. Other interest receivable and similar income

	2019 £	2018 £
Interest on cash and cash equivalents	3,983	—
Gain on fair value adjustment of financial assets at fair value through profit or loss	—	143,000
	<u>3,983</u>	<u>143,000</u>

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

11. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	16,100	14,831
Interest on obligations under finance leases and hire purchase contracts	32,648	46,506
Other interest payable and similar charges	7,250	20,437
	<u>55,998</u>	<u>81,774</u>

12. Tax on profit

Major components of tax expense

	2019 £	2018 £
Current tax:		
UK current tax expense	423,700	364,236
Adjustments in respect of prior periods	–	7,084
Total current tax	<u>423,700</u>	<u>371,320</u>
Deferred tax:		
Origination and reversal of timing differences	117,864	(3,685)
Tax on profit	<u>541,564</u>	<u>367,635</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:-

	2019 £	2018 £
Profit on ordinary activities before taxation	2,370,407	1,746,687
Profit on ordinary activities by rate of tax	450,377	331,871
Adjustment to tax charge in respect of prior periods	–	7,084
Effect of expenses not deductible for tax purposes	59,551	35,526
Effect of capital allowances and depreciation	31,511	–
Other tax adjusting items	(557)	(3,571)
Effects of change in tax rate	682	(2,314)
Adjustments to deferred tax in respect of prior periods	–	(961)
Tax on profit	<u>541,564</u>	<u>367,635</u>

13. Dividends

	2019 £	2018 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>832,610</u>	<u>650,000</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2019

14. Tangible assets

	Freehold property £	Freehold investment property £	Improve- ments to short leasehold property £	Plant, machinery, fixtures and equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2019	460,500	520,000	213,408	3,652,924	978,933	5,825,765
Additions	—	—	—	922,806	37,017	959,823
Disposals	—	—	—	(19,650)	(122,739)	(142,389)
At 31 December 2019	<u>460,500</u>	<u>520,000</u>	<u>213,408</u>	<u>4,556,080</u>	<u>893,211</u>	<u>6,643,199</u>
Depreciation						
At 1 January 2019	7,592	—	115,061	1,263,331	295,175	1,681,159
Charge for the year	7,592	—	41,679	505,328	200,303	754,902
Disposals	—	—	—	(14,202)	(95,510)	(109,712)
At 31 December 2019	<u>15,184</u>	<u>—</u>	<u>156,740</u>	<u>1,754,457</u>	<u>399,968</u>	<u>2,326,349</u>
Carrying amount						
At 31 December 2019	<u>445,316</u>	<u>520,000</u>	<u>56,668</u>	<u>2,801,623</u>	<u>493,243</u>	<u>4,316,850</u>
At 31 December 2018	<u>452,908</u>	<u>520,000</u>	<u>98,347</u>	<u>2,389,593</u>	<u>683,758</u>	<u>4,144,606</u>

Included within freehold property is land with a value of £80,810 which is not depreciated.

Freehold investment property was valued at 31 December 2019 by the directors, on an open market basis.

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:

	Plant, machinery, fixtures and equipment £	Motor vehicles £	Total £
At 31 December 2019	<u>2,007,369</u>	<u>415,639</u>	<u>2,423,008</u>
At 31 December 2018	<u>1,609,194</u>	<u>521,973</u>	<u>2,131,167</u>

15. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>396,550</u>	<u>297,649</u>

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

16. Debtors

	2019 £	2018 £
Trade debtors	4,734,521	5,212,545
Prepayments and accrued income	221,042	222,569
Directors loan account	630,329	882,987
Other debtors	597,608	525,947
	<u>6,183,500</u>	<u>6,844,048</u>

The debtors above include the following amounts falling due after more than one year:

	2019 £	2018 £
Trade debtors	884,717	630,794
Other debtors	37,834	62,891
	<u>922,551</u>	<u>693,685</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	53,150	51,115
Trade creditors	3,471,651	3,689,107
Accruals and deferred income	388,458	206,196
Corporation tax	193,701	228,112
Social security and other taxes	240,145	241,623
Obligations under finance leases and hire purchase contracts	842,744	782,564
Other creditors	459,565	447,862
	<u>5,649,414</u>	<u>5,646,579</u>

Liabilities under bank loans are secured on the company's freehold property. Liabilities under hire purchase agreements are secured on the assets to which they relate.

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

	2019 £	2018 £
Bank loans and overdrafts	347,284	400,434
Obligations under finance leases and hire purchase contracts	600,852	724,001
	<u>948,136</u>	<u>1,124,435</u>

Included within creditors: amounts falling due after more than one year is an amount of £113,711 (2018: £175,375) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The liability due after more than five years is a fixed rate loan. Interest is charged at 3.74% per annum and the loan will be repaid by 28 September 2026.

Liabilities under bank loans are secured on the company's freehold property. Liabilities under hire purchase agreements are secured on the assets to which they relate.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

19. Finance leases and hire purchase contracts

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

	2019 £	2018 £
Not later than 1 year	919,175	813,957
Later than 1 year and not later than 5 years	618,682	735,973
	<u>1,537,857</u>	<u>1,549,930</u>
Less: future finance charges	(94,261)	(43,365)
Present value of minimum lease payments	<u>1,443,596</u>	<u>1,506,565</u>

20. Provisions

	Deferred tax (note 21) £
At 1 January 2019	189,067
Additions	117,864
At 31 December 2019	<u>306,931</u>

21. Deferred tax

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

	2019 £	2018 £
Included in provisions (note 20)	<u>306,931</u>	<u>189,067</u>

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

	2019 £	2018 £
Accelerated capital allowances	313,179	183,279
Fair value adjustment of investment property	23,601	21,116
Other timing differences	(29,849)	(15,328)
	<u>306,931</u>	<u>189,067</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £259,273 (2018: £200,357).

23. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. There has been no movement on this account during the financial year.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses. Within this reserve are unrealised gains on the company's investment property of £143,000 together with a provision for tax of £21,116 that would arise should the property be disposed of at its carrying value.

25. Analysis of changes in net debt

	At 1 January 2019	Cash flows	New finance leases	At 31 December 2019
	£	£	£	£
Cash at bank and in hand	810,743	1,330,036		2,140,779
Debt due within one year	(833,679)	165,360	(227,575)	(895,894)
Debt due after one year	(1,124,435)	687,983	(511,684)	(948,136)
	<u>(1,147,371)</u>	<u>2,183,379</u>	<u>(739,259)</u>	<u>296,749</u>

26. Operating leases

As lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	155,368	158,666
Later than 1 year and not later than 5 years	155,082	167,942
	<u>310,450</u>	<u>326,608</u>

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	40,200	40,200
Later than 1 year and not later than 5 years	160,800	160,800
Later than 5 years	110,550	150,750
	<u>311,550</u>	<u>351,750</u>

Bateman Groundworks Limited

Notes to the financial statements (continued)

Year ended 31 December 2019

27. Events after the end of the reporting period

Since the year end most of the world has been heavily impacted by the coronavirus and measures taken by governments to mitigate or halt its spread.

The company has been affected by the nationwide lockdown, however has been able to recommence work on the majority of sites whilst adhering to social distancing guidance and ensuring the safety of staff, customer and residents. A full business review has been undertaken in order to reshape the business to adapt to the current production demand.

The situation is continually evolving and is being regularly assessed by the directors, who have considered various potential scenarios. Despite these unprecedented times, and for the reasons stated above, the directors feel the company is in a position to continue to trade for the foreseeable future, and no adjustments have been made to the results for the year or the statement of financial position as is presented.

28. Directors' advances, credits and guarantees

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

2019				
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr R A Bateman	832,609	579,952	(832,610)	579,951
Mr J M Ramsey	50,378	—	—	50,378
	<u>882,987</u>	<u>579,952</u>	<u>(832,610)</u>	<u>630,329</u>

2018				
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr R A Bateman	247,697	1,234,912	(650,000)	832,609
Mr J M Ramsey	—	50,378	—	50,378
	<u>247,697</u>	<u>1,285,290</u>	<u>(650,000)</u>	<u>882,987</u>

29. Related party transactions

During the year dividends of £832,610 (2018: £650,000) were paid to Mr R A Bateman.

The bank overdraft is secured by a debenture and a £250,000 personal guarantee by Mr R A Bateman.

During the year the company paid rent of £20,750 (2018: £20,750) to Mr R A Bateman's personal pension scheme.

Key management personnel are considered to be the directors and their remuneration is disclosed in note 9.

Bateman Groundworks Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2019

30. Controlling party

The company was under the control of Mr R A Bateman throughout the current and previous year.

Since the year end, a new holding company has been incorporated as part of a management buyout. The parent company and controlling party is Bateman Groundworks (Holdings) Limited. The registered office of Bateman Groundworks (Holdings) Limited is 4 Octagon Business Park, Hospital Road, Little Plumstead, Norwich, Norfolk, NR13 5FH.