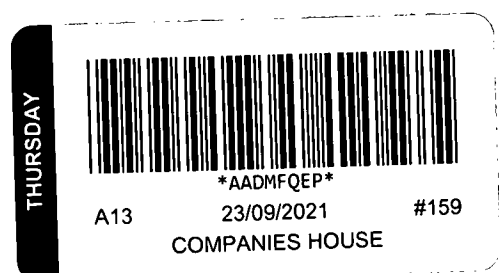


COMPANY REGISTRATION NUMBER: 03565627

**J Cheesmur & Sons (Lewes) Ltd**  
**Financial Statements**  
**31 December 2020**



# **J Cheesmur & Sons (Lewes) Ltd**

## **Financial Statements**

**Year ended 31 December 2020**

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# **J Cheesmur & Sons (Lewes) Ltd**

## **Strategic Report**

**Year ended 31 December 2020**

### **Business review**

The directors are pleased to report that despite a challenging 12-months, which included 9 months of Covid-19 related lockdowns and project delays, the company has managed to trade through the period and minimise the impact, resulting in only a small loss on the year but achieving an improved balance sheet.

With the Construction Industry generally experiencing a notable increase in project delays, due to both the Covid pandemic and the impact on the supply chain resulting from ongoing Brexit ramifications, the escalating costs involved are becoming widely recognised as a major risk to contractors. With this trend expected to continue for the foreseeable future, Cheesmur have taken positive steps to mitigate these risks and are confident that the company is well equipped for the challenges that 2021 will bring. With regrettable but limited redundancies during 2020 and careful management and control of the overhead costs, as well as a now proven business interruption strategy, we have been able to adapt whilst retaining our key skilled and experienced workforce in readiness for the increased workload in 2021. Taking this proactive and carefully planned stance has meant that the company was suitably prepared for the impact of unforeseen project delays and is in a strong position to deliver an extensive and profitable portfolio of work over the next 12 months.

In noting that 2020 was an extremely challenging year for all, the Board of Directors wish to acknowledge and thank the efforts and commitment of the Cheesmur team and our supply chain partners. The Board are proud of how well everyone responded to the ever changing environment and the resilience shown across the business. Notwithstanding the business challenges, the company continues to invest in its employees with a number undertaking qualifications during the year, ranging from a Degree, a Diploma, various NVQs and an accounting AAT. In addition, as part of our ongoing support to offer apprenticeships, Cheesmur were pleased to recruit further trades apprentices. Yet again the company has continued its practice of using local suppliers and sub-contractors as much as possible, with most goods and services purchased from businesses within Sussex.

Maintaining a varied mix of work across a number of sectors, the company has achieved a position where no customer accounted for more than 11% of turnover whilst the five largest customers combined accounted for less than 47% of turnover, across both public and private sectors. Relationships with all major customers remain extremely strong, with a significant amount of repeat business as well as a marked increase in enquiries from new customers, a number of which have been converted to successful tender bids and contract awards.

### **Key Performance Indicators**

As per the previous year, the main key performance indicators are gross profit margin, sales mix, net assets and staffing levels:

- Notwithstanding the shift to larger projects delivering more turnover per month but with traditionally lower margins, the gross profit margin has increased by 0.9% from 12.4% to 13.3%.
- As a result of procuring some larger but profitable projects the sales mix of the business has deviated from our ongoing strategy, with the larger projects now accounting for 70% of the annual turnover (70% in 2019) and the smaller and specialist traditional and term contracted projects now make up 30%.
- Although the net assets have seen a small increase from £515,814 to £537,413 the liquidity ratio of the business has seen an increase from 1.1 to 1.2.
- Employed staff numbers have decreased slightly from 66 to 62 whilst maintaining the successful

## J Cheesmur & Sons (Lewes) Ltd

### Strategic Report *(continued)*

#### Year ended 31 December 2020

and profitable delivery of over £12.7m of turnover.

This report was approved by the board of directors on .....10/6/21..... and signed on behalf of the board by:



Mr S D Hayman  
Director



Mr T A Nitman  
Director

Registered office:  
Cobbe Barns  
Beddingham  
Lewes  
East Sussex  
BN8 6JU

## **J Cheesmur & Sons (Lewes) Ltd**

### **Directors' Report**

#### **Year ended 31 December 2020**

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the company during the year was that of Building Contractors.

#### **Directors**

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

Mr S D Hayman  
Mr T A Nitman  
Mr J M G Wickenden  
Mr J Field  
Mr S King

#### **Dividends**

Particulars of recommended dividends are detailed in note 12 to the financial statements.

#### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 25 to the financial statements.

#### **Disclosure of information in the strategic report**

The company's business review is now included within the strategic report in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

#### **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.

## J Cheesmur & Sons (Lewes) Ltd

### Directors' Report *(continued)*

#### Year ended 31 December 2020

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.

This report was approved by the board of directors on 10/6/21 and signed on behalf of the board by:



Mr S D Hayman  
Director



Mr T A Nitman  
Director

Registered office:  
Cobbe Barns  
Beddingham  
Lewes  
East Sussex  
BN8 6JU

## **J Cheesmur & Sons (Lewes) Ltd**

### **Independent Auditor's Report to the Members of J Cheesmur & Sons (Lewes) Ltd**

**Year ended 31 December 2020**

#### **Opinion**

We have audited the financial statements of J Cheesmur & Sons (Lewes) Ltd (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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 2020 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.

**J Cheesmur & Sons (Lewes) Ltd****Independent Auditor's Report to the Members of J Cheesmur & Sons (Lewes) Ltd**  
(continued)**Year ended 31 December 2020****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.



## **J Cheesmur & Sons (Lewes) Ltd**

### **Independent Auditor's Report to the Members of J Cheesmur & Sons (Lewes) Ltd**

*(continued)*

**Year ended 31 December 2020**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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:

We have considered the following facts in evaluating whether the audit was capable of detecting irregularities and fraud.

- The audit was conducted using a proprietary audit pack. The pack is designed to detect fraud and irregularities
- PRB Accountants LLP have been registered as statutory auditors since 2001, and are experienced auditors
- Materiality was calculated and used for identifying key audit areas, setting sample sizes and evaluating errors
- Analytical review of the profit and loss was performed at the planning stages and throughout the audit to help identify any irregularities
- PRB Accountants LLP staff members regularly take part in continuing professional development courses to expand their knowledge and to keep up to date with changes to legislations
- A pre-audit discussion was held with the client to discuss any changes to the entity for and after the financial year end including accounting systems, turnover of key staff, instances of actual, suspected or alleged fraud, non-compliance with laws and regulations

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.

## J Cheesmur & Sons (Lewes) Ltd

### Independent Auditor's Report to the Members of J Cheesmur & Sons (Lewes) Ltd (continued)

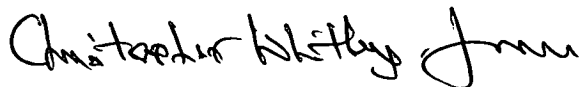
#### Year ended 31 December 2020

- 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.



Christopher Whitley-Jones (Senior Statutory Auditor)

For and on behalf of  
PRB Accountants LLP  
Chartered accountants & statutory auditor  
Kingfisher House  
Hurstwood Grange  
Hurstwood Lane  
Haywards Heath  
West Sussex  
RH17 7QX

10/6/21

**J Cheesmur & Sons (Lewes) Ltd****Statement of Comprehensive Income****Year ended 31 December 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	<b>12,738,060</b>	16,629,455
Cost of sales		<u>11,049,959</u>	<u>14,572,087</u>
<b>Gross profit</b>		<b>1,688,101</b>	2,057,368
Contract management and other direct costs		1,529,256	1,469,002
Administrative expenses		432,674	436,717
Other operating income	<b>5</b>	<u>226,080</u>	<u>–</u>
<b>Operating (loss)/profit</b>	<b>6</b>	<b>(47,749)</b>	151,649
Interest payable and similar expenses	<b>10</b>	<u>1,847</u>	<u>6,121</u>
<b>(Loss)/profit before taxation</b>		<b>(49,596)</b>	145,528
Tax on (loss)/profit	<b>11</b>	<u>(104,861)</u>	<u>29,569</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>55,265</u></b>	<b><u>115,959</u></b>

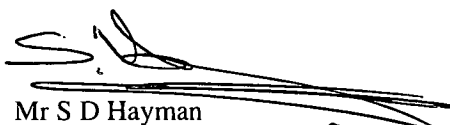
All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

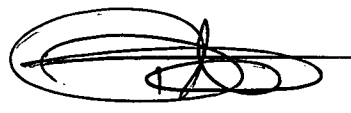
**J Cheesmur & Sons (Lewes) Ltd****Statement of Financial Position****31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	69,813	107,846
<b>Current assets</b>			
Stocks	14	606,122	461,161
Debtors	15	3,183,901	2,742,230
Cash at bank and in hand		783,728	631,693
		<u>4,573,751</u>	<u>3,835,084</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>3,786,089</u>	<u>3,383,029</u>
<b>Net current assets</b>		<u>787,662</u>	<u>452,055</u>
<b>Total assets less current liabilities</b>		<u>857,475</u>	<u>559,901</u>
<b>Creditors: amounts falling due after more than one year</b>	17	309,167	26,171
<b>Provisions</b>			
Taxation including deferred tax	19	<u>10,895</u>	<u>17,916</u>
<b>Net assets</b>		<u>537,413</u>	<u>515,814</u>
<b>Capital and reserves</b>			
Called up share capital	22	90,000	90,000
Capital redemption reserve	23	45	45
Profit and loss account	23	<u>447,368</u>	<u>425,769</u>
<b>Shareholders funds</b>		<u>537,413</u>	<u>515,814</u>

These financial statements were approved by the board of directors and authorised for issue on 10/6/21, and are signed on behalf of the board by:



Mr S D Hayman  
Director



Mr T A Nitman  
Director

Company registration number: 03565627

The notes on pages 13 to 23 form part of these financial statements.

**J Cheesmur & Sons (Lewes) Ltd****Statement of Changes in Equity****Year ended 31 December 2020**

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	<b>Total £</b>
<b>At 1 January 2019</b>		90,000	45	421,060	511,105
Profit for the year		—	—	115,959	115,959
<b>Total comprehensive income for the year</b>		—	—	115,959	115,959
Dividends paid and payable	<b>12</b>	—	—	(111,250)	(111,250)
<b>Total investments by and distributions to owners</b>		—	—	(111,250)	(111,250)
<b>At 31 December 2019</b>		90,000	45	425,769	<b>515,814</b>
Profit for the year		—	—	55,265	55,265
<b>Total comprehensive income for the year</b>		—	—	55,265	<b>55,265</b>
Dividends paid and payable	<b>12</b>	—	—	(33,666)	(33,666)
<b>Total investments by and distributions to owners</b>		—	—	(33,666)	(33,666)
<b>At 31 December 2020</b>		<u>90,000</u>	<u>45</u>	<u>447,368</u>	<u><b>537,413</b></u>

The notes on pages 13 to 23 form part of these financial statements.

**J Cheesmur & Sons (Lewes) Ltd****Statement of Cash Flows****Year ended 31 December 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	55,265	115,959
<i>Adjustments for:</i>		
Depreciation of tangible assets	44,621	37,968
Government grant income	(226,080)	–
Interest payable and similar expenses	1,847	6,121
Loss on disposal of tangible assets	–	1,825
Tax on (loss)/profit	(104,861)	29,569
Accrued (income)/expenses	(1,681)	148,477
<i>Changes in:</i>		
Stocks	(144,961)	784,260
Trade and other debtors	(434,181)	(704,049)
Trade and other creditors	365,062	78,511
Cash generated from operations	(444,969)	498,641
Interest paid	(1,847)	(6,121)
Tax received/(paid)	83,381	(24,845)
Net cash (used in)/from operating activities	<u>(363,435)</u>	<u>467,675</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(6,587)	(118,044)
Proceeds from sale of tangible assets	(1)	16,501
Net cash used in investing activities	<u>(6,588)</u>	<u>(101,543)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	350,000	(52,255)
Government grant income	226,080	–
Payments of finance lease liabilities	(20,356)	52,342
Dividends paid	(33,666)	(111,250)
Net cash from/(used in) financing activities	<u>522,058</u>	<u>(111,163)</u>
<b>Net increase in cash and cash equivalents</b>	<b>152,035</b>	<b>254,969</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>631,693</b>	<b>376,724</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>783,728</u></b>	<b><u>631,693</u></b>

The notes on pages 13 to 23 form part of these financial statements.

# **J Cheesmur & Sons (Lewes) Ltd**

## **Notes to the Financial Statements**

### **Year ended 31 December 2020**

#### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cobbe Barns, Beddingham, Lewes, East Sussex, BN8 6JU.

#### **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.

##### **Pensions**

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.

##### **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.

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 below.

##### **Revenue recognition**

Turnover is the amount derived from ordinary activities stated after trade discounts and net of VAT.

Revenue arises from increases in valuations on contracts and is normally determined by external valuations. It is the gross value of work carried out for the period to the balance sheet date. Profit on contracts is calculated in accordance with accounting standards and industry practice. Industry practice is to assess the estimated final outcome of each contract and recognise the profit based upon the percentage of completion of the contract at the relevant date when the contracts outcome can be estimated reliably. The final outcome of each contract is determined by regular review of the revenues and cost to complete the contract.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

## J Cheesmur & Sons (Lewes) Ltd

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2020

#### 3. Accounting policies *(continued)*

##### 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.

##### 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.

##### 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	- 5 years
Fixtures and fittings	- 3 years
Motor Vehicles	- 25% reducing balance

##### 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.



**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****3. Accounting policies** *(continued)***Impairment of fixed assets** *(continued)*

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**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**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 using the the performance model.

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.

**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.

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****3. Accounting policies** *(continued)***Financial instruments**

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.

Basic financial instruments, such as loans from banks, are measured initially at transaction price and subsequently at amortised cost using the effective interest method. Loans from directors are payable within one year and are measured initially and subsequently at the undiscounted amount of the cash expected to be paid.

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.

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.

**4. Turnover**

Turnover arises from:

	2020 £	2019 £
Rendering of services	–	1,054,581
Construction contracts	<u>12,738,060</u>	<u>15,574,874</u>
	<u>12,738,060</u>	<u>16,629,455</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**

	2020 £	2019 £
Government grant income	<u>226,080</u>	<u>–</u>

**6. Operating profit**

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Depreciation of tangible assets	44,621	37,968
Loss on disposal of tangible assets	–	1,825
Impairment of trade debtors	<u>(920)</u>	<u>15,512</u>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****7. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable for the audit of the financial statements	<b><u>9,750</u></b>	<b><u>9,750</u></b>

**8. Staff costs**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Number of employees	<b><u>62</u></b>	<b><u>66</u></b>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,267,287</b>	<b>1,184,668</b>
Social security costs	<b><u>134,446</u></b>	<b><u>125,609</u></b>
	<b><u>1,401,733</u></b>	<b><u>1,310,277</u></b>

**9. Directors' remuneration**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	<b>184,866</b>	<b>184,300</b>
Company contributions to defined contribution pension plans	<b><u>5,062</u></b>	<b><u>5,062</u></b>
	<b><u>189,928</u></b>	<b><u>189,362</u></b>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Defined contribution plans	<b><u>5</u></b>	<b><u>5</u></b>

**10. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest payable and similar charges	<b><u>1,847</u></b>	<b><u>6,121</u></b>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****11. Tax on (loss)/profit****Major components of tax (income)/expense**

	<b>2020</b>	2019
	<b>£</b>	£
<b>Current tax:</b>		
UK current tax (income)/expense	<b>(97,840)</b>	14,459
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>(7,021)</b>	15,110
<b>Tax on (loss)/profit</b>	<b><u>(104,861)</u></b>	<b><u>29,569</u></b>

**Reconciliation of tax (income)/expense**

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	<b>2020</b>	2019
	<b>£</b>	£
(Loss)/profit on ordinary activities before taxation	<b><u>(49,596)</u></b>	<u>145,528</u>
(Loss)/profit on ordinary activities by rate of tax	<b>(9,423)</b>	27,650
Effect of expenses not deductible for tax purposes	<b>1,235</b>	9,480
Effect of capital allowances and depreciation	<b>7,021</b>	(22,671)
Unused tax losses	<b>1,167</b>	–
R&D tax claim	<b><u>(97,840)</u></b>	<u>–</u>
<b>Tax on (loss)/profit</b>	<b><u>(97,840)</u></b>	<b><u>14,459</u></b>

**12. Dividends**

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	<b>2020</b>	2019
	<b>£</b>	£
Dividends on equity shares	<b><u>33,667</u></b>	<u>111,250</u>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****13. Tangible assets**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2020	16,220	151,646	30,813	<b>198,679</b>
Additions	1,136	5,451	–	<b>6,587</b>
Disposals	–	(6,482)	–	<b>(6,482)</b>
<b>At 31 December 2020</b>	<u>17,356</u>	<u>150,615</u>	<u>30,813</u>	<u><b>198,784</b></u>
<b>Depreciation</b>				
At 1 January 2020	11,704	75,960	3,169	<b>90,833</b>
Charge for the year	1,709	36,001	6,911	<b>44,621</b>
Disposals	–	(6,483)	–	<b>(6,483)</b>
<b>At 31 December 2020</b>	<u>13,413</u>	<u>105,478</u>	<u>10,080</u>	<u><b>128,971</b></u>
<b>Carrying amount</b>				
<b>At 31 December 2020</b>	<u>3,943</u>	<u>45,137</u>	<u>20,733</u>	<u><b>69,813</b></u>
At 31 December 2019	<u>4,516</u>	<u>75,686</u>	<u>27,644</u>	<u>107,846</u>

**14. Stocks**

	2020 £	2019 £
Raw materials and consumables	<b>19,038</b>	3,707
Work in progress	<b>587,084</b>	457,454
	<u><b>606,122</b></u>	<u>461,161</u>

**15. Debtors**

	2020 £	2019 £
Trade debtors	<b>2,377,691</b>	2,184,111
Amounts owed by group undertakings	<b>537,050</b>	421,175
Prepayments and accrued income	<b>64,483</b>	53,013
Corporation tax repayable	<b>97,033</b>	–
Other debtors	<b>107,644</b>	83,931
	<u><b>3,183,901</b></u>	<u>2,742,230</u>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****16. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Bank loans and overdrafts	40,833	–
Trade creditors	2,703,108	2,397,439
Accruals and deferred income	827,977	822,168
Corporation tax	–	14,459
Social security and other taxes	154,110	99,840
Obligations under finance leases and hire purchase contracts	31,986	26,171
Other creditors	28,075	22,952
	<u>3,786,089</u>	<u>3,383,029</u>

**17. Creditors: amounts falling due after more than one year**

	2020	2019
	£	£
Bank loans and overdrafts	309,167	–
Obligations under finance leases and hire purchase contracts	–	26,171
	<u>309,167</u>	<u>26,171</u>

**18. Finance leases and hire purchase contracts**

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

	2020	2019
	£	£
Not later than 1 year	31,986	26,171
Later than 1 year and not later than 5 years	–	26,171
	<u>31,986</u>	<u>52,342</u>

**19. Provisions**

	Deferred tax (note 20)
	£
At 1 January 2020	17,916
Charge against provision	(7,021)
<b>At 31 December 2020</b>	<u><b>10,895</b></u>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****20. Deferred tax**

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

	2020	2019
	£	£
Included in provisions (note 19)	<u>10,895</u>	<u>17,916</u>

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

	2020	2019
	£	£
Accelerated capital allowances	<u>10,895</u>	<u>17,916</u>

**21. Government grants**

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

	2020	2019
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>226,080</u>	<u>—</u>

**22. Called up share capital****Issued, called up and fully paid**

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>

**23. Reserves**

Called-up share capital – This reserve represents the nominal value of shares that have been issued. 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.

**24. Analysis of changes in net debt**

	At 1 Jan 2020	Cash flows	At 31 Dec 2020
	£	£	£
Cash at bank and in hand	631,693	152,035	<b>783,728</b>
Debt due within one year	(26,171)	(46,648)	<b>(72,819)</b>
Debt due after one year	(26,171)	(282,996)	<b>(309,167)</b>
	<u>579,351</u>	<u>(177,609)</u>	<u><b>401,742</b></u>

**J Cheesmur & Sons (Lewes) Ltd****Notes to the Financial Statements** *(continued)***Year ended 31 December 2020****25. Events after the end of the reporting period**

The COVID-19 virus is still a global pandemic recognised by the World Health Organisation (WHO).

The effect of the UK Government measures to limit the spread of the virus have been widespread, urging people to remain at home wherever possible, including work from home if available and to undertake "social distancing" measures.

In response to this management of the Company have assessed the impact of these measures. The Company was already well positioned for admin staff to work remotely, this has not had a significant impact on productivity. Construction work was allowed to continue with extra safety measures and personal protection equipment.

The Construction sector has seen a downturn in trade, however, the Company has a diverse portfolio of work so in the short term should only see a small decrease in the planned margins. In the longer term the mix of business may change and the directors are well positioned to respond to any downturn with planned cost reductions.

The Company has made use of the UK Government's job retention scheme. The UK Government also offer other business aid such as interest free cash loans, support from HMRC over late payment of payroll taxes and Value Added Tax.

The Directors are confident the above measures mitigate the threat of the global pandemic enough so it does not cast material uncertainty over the ability of the Company to continue as a going concern.

The Directors continue to monitor the situation as it changes and believe the Company is positioned well to react to further developments.



**J Cheesmur & Sons (Lewes) Ltd**

**Notes to the Financial Statements** *(continued)***Year ended 31 December 2020**

## 26. Directors' advances, credits and guarantees

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

	<b>2020</b>	
	Balance brought forward  £	Advances/ (credits) to the directors  £
Mr S D Hayman	—	—
Mr T A Nitman	— — — =	— — — =
		<b>Balance outstanding  £</b>
		— — — =

	<b>2019</b>	
	Balance brought forward  £	Advances/ (credits) to the directors  £
Mr S D Hayman	13,000	(13,000)
Mr T A Nitman	24,639 —————	(24,639) —————
	37,639	(37,639)

## 27. Related party transactions

The company was under the joint control of Mr T A Nitman and Mr S D Hayman throughout the current year.

At the year end, the company was owed £1,545 (2019: £8,120) by P. G. Bish Limited, Mr T A Nitman and Mr S D Hayman are directors of this company.

## 28. Registered charges

The Company has a registered charge securing all liabilities to National Westminster Bank Plc by way of a debenture dated 30 April 2010.