

Registered number: 04180810

TNV CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019



LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

TNV CONSTRUCTION LIMITED

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TNV CONSTRUCTION LIMITED

COMPANY INFORMATION

DIRECTOR	Ashok Velji Patel
COMPANY SECRETARY	Vanisha Patel
REGISTERED NUMBER	04180810
REGISTERED OFFICE	3rd Floor Paternoster House 65 St Paul's Churchyard London, EC4M 8AB
INDEPENDENT AUDITORS	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London, EC4M 8AB
BANKERS	HSBC Bank plc 554 Kingsbury Road London NW9 9EE

TNV CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

INTRODUCTION

The director has the pleasure in presenting this strategic report of the Company for the year ended 31 March 2019.

FAIR REVIEW OF THE BUSINESS

The Company operates in the construction sector.

The Company continued works on existing projects and entered into several new contracts at the end of the year, recognising total turnover for the year of £15,854,979 (2018 - £18,715,530). During the year the Company made a profit after tax of £975,672 (2018 - £1,978,987).

DEVELOPMENT AND PERFORMANCE DURING THE YEAR

During the year the company completed several old projects and went back to work on the 12 month defect liability on completed projects. This contributed to a 15.3% decrease in turnover recognised as new contracts started at the end of 2019.

In addition, the Company's gross profit decreased to £2,636,238 (2018 - £2,936,708) representing a 16.6% margin on sales (2018 – 15.7%).

FUTURE DEVELOPMENTS

The director continues to pursue new projects to grow the profitability of the Company and enhance the capital base.

SUBSEQUENT EVENTS

During the year, the Company received a claim jointly with two co-defendants (the client and the warranty provider) in respect of allegedly defective works undertaken in 2012. On 18 December 2019, the claim has been settled. A provision has been made for this claim, see note 18 for further information.

TNV CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

PRINCIPAL RISKS AND UNCERTAINTIES

A principal risk for the Company is that it engages in a construction project which becomes unprofitable. The Company seeks to minimise this risk by producing feasibility studies for each prospective project to ensure a suitable contract price is agreed. Once a project is underway, the Company continually monitors the profitability of the overall contract.

The Company faces uncertainty over the impact of Brexit on the property market.

FINANCIAL INSTRUMENTS

The Company uses various financial instruments principally comprising trade debtors, trade creditors and cash. The main risks arising from the Company's financial instruments are credit, liquidity, operating and capital. The director reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

The Company is exposed to a risk of financial loss if a customer fails to meet its contractual obligations.

Liquidity risk

The Company manages its cash and borrowing requirements in order to minimise interest expense whilst ensuring the Company has sufficient liquid resource to meet the operating needs of the business.

Operating risk

The Company's purpose is to manage the operating risk so as to balance the prevention of financial losses and the damage to the Company's reputation with the general effectiveness of costs and avoid the control procedures that restrict initiative and creativity.

Capital risk

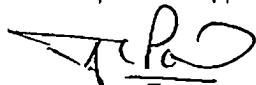
The Company's objectives are focussed on guaranteeing its ability to continue operating as a going concern, provide shareholders with profits and maintain an optimal capital structure.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are turnover and profit after tax.

The turnover for the year has decreased by 15.3% with a corresponding decrease in profit after tax. This is due to new contracts starting at the end of 2019, and therefore turnover will be realised in the following financial year.

This report was approved by the board and signed on its behalf.



Ashok Velji Patel
Director

Date: 23.12.2019

TNV CONSTRUCTION LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The director presents his report and the financial statements for the year ended 31 March 2019.

RESULTS

The profit for the year, after taxation, amounted to £975,672 (2018 - £1,978,987).

The directors have recommended an interim dividend of £24,000 (2018 - £750,000).

DIRECTOR

The director who served during the year was:

Ashok Velji Patel

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year, the director had a qualifying third party indemnity insurance.

TNV CONSTRUCTION LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

OTHER MATTERS

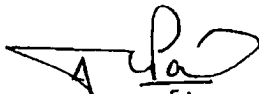
In accordance with s. 414C (11) of the Companies Act, the following disclosures have been made in the Strategic Report:

- Financial instruments
- Future developments

AUDITORS

Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



Ashok Velji Patel
Director

Date: 23.12.2019.

TNV CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TNV CONSTRUCTION LIMITED

OPINION

We have audited the financial statements of TNV Construction Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

OTHER INFORMATION

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

TNV CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TNV CONSTRUCTION LIMITED (CONTINUED)

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Director's 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 director's 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 Director's Responsibilities Statement on page 4, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

TNV CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TNV CONSTRUCTION LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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.
- 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 of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's 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 Auditors' 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 Auditors' 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.

TNV CONSTRUCTION LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TNV CONSTRUCTION LIMITED
(CONTINUED)**

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 Auditors' 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.



David Chandra (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants & Statutory Auditors

Paternoster House

65 St Paul's Churchyard

London

EC4M 8AB

Date: *24 December 2019*

TNV CONSTRUCTION LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Turnover	15,854,979	18,715,530
Cost of sales	(13,218,741)	(15,778,822)
GROSS PROFIT	2,636,238	2,936,708
Administrative expenses	(1,459,568)	(508,784)
Other operating income	5,389	-
OPERATING PROFIT	1,182,059	2,427,924
Interest receivable and similar income	25,051	11,777
Interest payable and expenses	(2,488)	(4,933)
PROFIT BEFORE TAX	1,204,622	2,434,768
Tax on profit	(228,950)	(455,781)
PROFIT AFTER TAX	975,672	1,978,987
Retained earnings at the beginning of the year	3,383,276	2,154,289
Profit for the year	975,672	1,978,987
Dividends	(24,000)	(750,000)
RETAINED EARNINGS AT THE END OF THE YEAR	4,334,948	3,383,276

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Income and Retained Earnings.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 25 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	12	99,014	100,609
CURRENT ASSETS			
Stocks	13	92,438	107,730
Debtors: amounts falling due within one year	14	4,466,721	2,393,040
Cash at bank and in hand	15	4,401,511	6,140,536
		<u>8,960,670</u>	<u>8,641,306</u>
Creditors: amounts falling due within one year	16	(4,374,736)	(5,348,639)
NET CURRENT ASSETS		4,585,934	3,292,667
Other provisions	18	(340,000)	-
NET ASSETS		<u>4,344,948</u>	<u>3,393,276</u>
CAPITAL AND RESERVES			
Called up share capital	19	10,000	10,000
Profit and loss account		4,334,948	3,383,276
		<u>4,344,948</u>	<u>3,393,276</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Ashok Velji Patel
Director

Date: 23.12.2019

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

TNV CONSTRUCTION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	975,672	1,978,987
ADJUSTMENTS FOR:		
Depreciation of tangible assets	34,116	34,570
Profit on disposal of tangible assets	(5,389)	-
Interest paid	2,488	4,933
Interest received	(25,051)	(11,777)
Taxation charge	228,950	455,781
Decrease/(increase) in stocks	15,292	(5,480)
(Increase)/decrease in debtors	(2,073,682)	278,053
Increase in creditors	20,039	50,427
Increase in provisions	340,000	-
Corporation tax (paid)	(683,781)	(223,453)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>(1,171,346)</u>	<u>2,562,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(34,182)	(23,263)
Sale of tangible fixed assets	7,050	-
Interest received	25,051	11,777
HP interest paid	(2,333)	(4,923)
NET CASH FROM INVESTING ACTIVITIES	<u>(4,414)</u>	<u>(16,409)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of/new finance leases	(13,110)	(25,296)
Dividends paid	(550,000)	(400,000)
Interest paid	(155)	(10)
NET CASH USED IN FINANCING ACTIVITIES	<u>(563,265)</u>	<u>(425,306)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,739,025)</u>	<u>2,120,326</u>
Cash and cash equivalents at beginning of year	<u>6,140,536</u>	<u>4,020,210</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>4,401,511</u></u>	<u><u>6,140,536</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	<u>4,401,511</u>	<u>6,140,536</u>
	<u><u>4,401,511</u></u>	<u><u>6,140,536</u></u>

The notes on pages 13 to 25 form part of these financial statements.

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

TNV Construction Limited is a private company limited by shares and incorporated in England and Wales, registered number 04180810. Its registered office address is 3rd Floor, Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB and its principal place of business is 33 South Parade, Mollison Way, Edgware, Middlesex, HA8 5QL.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives; on a reducing balance basis.

Depreciation is provided on the following basis:

Motor vehicles	-	25% per annum reducing balance
Fixtures and fittings	-	20% per annum reducing balance
Computer equipment	-	33% per annum reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

TNV CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Finance leases: the Company as lessee

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

TNV CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. However, the nature of estimates means that actual outcomes could differ from those estimates.

Judgments

There are considered to be no key judgments which would have a significant impact on the amounts recognised in the financial statements other than those noted below.

Estimates and assumptions

The key estimates and assumptions concerning the future and other sources of estimation uncertainty at the reporting dates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

Long term contracts

Recognition of turnover and profit on long term contracts requires management judgment regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the balance sheet date.

The value of work completed at the balance sheet date is assessed through internal valuations on each element of works completed and in progress.

The calculations include an estimation of the costs to complete which may differ from the actual costs incurred on completion.

The age, nature and recoverability of all debtors and amounts recoverable on long term contracts are reviewed regularly by management and provisions made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

See notes 14 and 16 for the value of the long term contracts recognised in the financial statements.

TNV CONSTRUCTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2019****4. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	34,116	34,750
Exchange differences	-	66
Other operating lease rentals	38,825	38,716
Defined contribution pension cost	130,100	5,956
	<u>130,100</u>	<u>5,956</u>

5. AUDITORS' REMUNERATION

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2018 -).

6. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	901,635	910,185
Social security costs	86,858	87,949
Cost of defined contribution scheme	130,100	5,956
	<u>1,118,593</u>	<u>1,004,090</u>

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

	2019 No.	2018 No.
Director	1	1
Cost of sales	21	21
Administrative	14	13
	<u>36</u>	<u>35</u>

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

7. DIRECTOR'S REMUNERATION

	2019 £	2018 £
Director's salary	24,000	24,000
Social security costs	2,149	2,185
	<u>26,149</u>	<u>26,185</u>

8. INTEREST RECEIVABLE

	2019 £	2018 £
Other interest receivable	<u>25,051</u>	<u>11,777</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	155	10
Finance leases and hire purchase contracts	2,333	4,923
	<u>2,488</u>	<u>4,933</u>

10. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Current tax on profits for the year	<u>228,950</u>	<u>455,781</u>

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

10. TAXATION (CONTINUED)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower 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 tax	1,204,622	2,434,768
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	228,878	462,606
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,574	155
Capital allowances for year in excess of depreciation	(478)	4,420
Other differences leading to an increase (decrease) in the tax charge	(1,024)	(11,400)
TOTAL TAX CHARGE FOR THE YEAR	228,950	455,781

11. DIVIDENDS

	2019 £	2018 £
Dividends paid on equity capital	24,000	750,000

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION				
At 1 April 2018	318,436	17,134	56,057	391,627
Additions	30,178	-	4,004	34,182
Disposals	(7,000)	-	-	(7,000)
At 31 March 2019	<u>341,614</u>	<u>17,134</u>	<u>60,061</u>	<u>418,809</u>
DEPRECIATION				
At 1 April 2018	225,279	16,495	49,244	291,018
Charge for the year on owned assets	30,418	128	3,570	34,116
Disposals	(5,339)	-	-	(5,339)
At 31 March 2019	<u>250,358</u>	<u>16,623</u>	<u>52,814</u>	<u>319,795</u>
NET BOOK VALUE				
At 31 March 2019	<u>91,256</u>	<u>511</u>	<u>7,247</u>	<u>99,014</u>
At 31 March 2018	<u>93,157</u>	<u>639</u>	<u>6,813</u>	<u>100,609</u>

13. STOCKS

	2019 £	2018 £
Raw materials and consumables	<u>92,438</u>	<u>107,730</u>

Stock recognised in cost of sales during the year as an expense was £15,291 (2018 - £5,480).

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

14. DEBTORS

	2019 £	2018 £
Trade debtors	3,281,402	1,616,497
Other debtors	1,095,712	707,200
Prepayments	89,607	69,343
	<u>4,466,721</u>	<u>2,393,040</u>

Trade debtors includes £463,116 (2018 - £624,380) relating to amounts recoverable on long term contracts.

15. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	4,401,511	6,140,536
	<u>4,401,511</u>	<u>6,140,536</u>

16. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Dividends payable	44,000	570,000
Trade creditors	4,140,372	4,027,200
Corporation tax	997	455,829
Other taxation and social security	57,331	29,395
Obligations under finance lease and hire purchase contracts	-	13,111
Other creditors	19,846	156,375
Accruals and deferred income	112,190	96,729
	<u>4,374,736</u>	<u>5,348,639</u>

Trade creditors includes £249,115 (2018 - £1,765,485) in relation to costs accrued on long term contracts.

The hire purchase and finance lease liabilities are secured on the related assets.

TNV CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

17. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	4,445,116	2,323,696
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(4,292,409)	(4,863,415)

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and obligations under finance leases.

18. PROVISIONS

	Other provision £
Charged to profit or loss	340,000
AT 31 MARCH 2019	340,000

The above provision relates to a legal claim made jointly against TNV Construction Limited and another co-defendant. As at the balance sheet date the claim was ongoing. On 18 December 2019 the settlement agreement was signed, with £139,010 being paid as at that date, and the remainder contributing towards works which are required as part of the agreement.

19. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
10,000 (2018 - 10,000) Ordinary shares of £1.00 each	10,000	10,000

20. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £130,100 (2018 - £5,956). Contributions totalling £2,295 (2018 - £1,063) were payable to the fund at the balance sheet date

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

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	37,573	26,631
Later than 1 year and not later than 5 years	55,859	72,002
	<u>93,432</u>	<u>98,633</u>

22. ADVANCES TO DIRECTORS

An unsecured, interest free amount of £1,003,816 was advanced to the director during the year. As at 31 March 2019, £801,815 of this balance has been repaid. The balance is repayable on demand.

23. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into during the year ended 31 March 2019 and balances outstanding as at 31 March 2019, are as follows:

	2019 £	2018 £
Other related parties		
Sales	49,209	29,280
Expenses	1,622,180	591,799
Amounts receivable	16,659	7,620
Amounts payable	10,616	11,246

24. POST BALANCE SHEET EVENTS

On 31 May 2019, the Company repurchased 8,000 of its 10,000 Ordinary Shares for a total consideration of £3,177,920. Subsequently, the Company cancelled these 8,000 Ordinary Shares so that the total Ordinary Share Capital became 2,000 Ordinary shares.

25. CONTROLLING PARTY

As at the balance sheet date, the Company was controlled by Ashok Velji Patel, by virtue of his shareholding. Due to the above post balance sheet event, from 31 May 2019 there is no one controlling party.