Registered number: 04180810

TNV CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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COMPANIES HOUSE

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

TNV CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	Gunpat Patel Ashokkumar Velji Patel
Company secretary	Vanisha Patel
Registered number	04180810
Registered office	33 South Parade Mollison Way Edgware HA8 5QL
Independent auditors	Lubbock Fine LLP 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

CONTENTS

Introduction

The directors have the pleasure in presenting this strategic report of the Company for the year ended 31 March 2023.

Business review

The Company operates in the construction sector.

The Company continued works on existing projects and entered into new contracts during the year, recognising total turnover for the year of £15,202,116 (2022 - £25,084,657). During the year the Company made a profit before tax of £768,622 (2022 - £1,312,181).

During the year, the company worked on a number of contracts which started at the end of 2022. Many of these contracts will continue into 2024. These projects have helped the company pass through 2023 where the construction sector has faced increased pressures and difficulties. These pressures contributed to the recognised decreased turnover but the company was able to remain profitable at this time.

Future developments

The Directors continue to pursue new projects to grow the profitability of the Company and enhance the capital base. The Company has agreements in place for new projects with total projected income of £18.2m, which will continue to give the Company some stability during the current market downturn.

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.

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 directors review and agree 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. Credit limits may be implemented to reduce this risk.

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 focused 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 before tax.

The turnover for the year has decreased by 39.4% and the profit before tax reflects a similar decrease. A decrease in turnover was expected due to market pressures forecasted the year before. Additional new projects that would have been agreed during the year have been delayed or held due to the interest rate increases, which meant that construction continued on mainly the existing works for that year.

Furthermore, the costs have increased which is why the profit after tax has decreased. This is because both the labour and materials costs have again increased due to interest rate changes and the cost-of-living crisis.

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

Gunpat Patel

Gunpat Patel
Director

Date: 21 December 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £831,444 (2022 - £1,115,947).

The directors have recommended an interim dividend of £nil (2022 - £1,250,000).

Directors

The directors who served during the year were:

Gunpat Patel
Ashokkumar Velji Patel

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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 to 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.

Qualifying third party indemnity provisions

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

Matters covered in the Strategic Report

In accordance with section 414C(11) of the Companies Act 2006, the following disclosures have been made in the Strategic Report:

- Financial instruments
- Future developments

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine LLP 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.

Gunpat Patel

Gunpat Patel
Director

Date: 21 December 2023

Opinion

We have audited the financial statements of TNV Construction Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 2023 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

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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.

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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- Enquiries of management concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and FRS 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid material penalties. These included but were not limited to health and safety regulations, employment law, GDPR and environmental regulations.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to irregularities, including fraud, were in respect of management override, debtor recoverability, revenue recognition and legal provisions.

Our procedures to respond to risks identified included the following:

- Enquiring of management concerning actual and potential litigation and claims, and holding discussions with the company's legal advisors with regards to any legal claim;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made by the directors in making accounting estimates are indicative of any potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the company's operations;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Agreeing debtors at the balance sheet date to post year end receipts, and holding discussions with management to assess the recoverability of any outstanding balances;
- Performing substantive testing on a sample of projects against their valuations to ensure that revenue has been correctly recognised.

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

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 Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Lubbock Fine LLP

David Chandra (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 21 December 2023

TNV CONSTRUCTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	15,202,116	25,084,657
Cost of sales		(13,327,770)	(22,668,180)
Gross profit		1,874,346	2,416,477
Administrative expenses		(1,112,954)	(1,134,717)
Other operating income	5	-	16,819
Operating profit	6	761,392	1,298,579
Interest receivable and similar income	10	12,345	16,805
Interest payable and similar expenses	11	(5,115)	(3,203)
Profit before tax		768,622	1,312,181
Tax on profit	12	62,822	(196,234)
Profit for the financial year		831,444	1,115,947

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	14		103,680		113,965
			103,680		113,965
Current assets					
Stocks	15	150,060		148,761	
Debtors: amounts falling due within one year	16	5,238,401		6,310,924	
Cash at bank and in hand	17	1,288,401		1,340,144	
		6,676,862		7,799,829	
Creditors: amounts falling due within one year	18	(5,745,134)		(7,716,317)	
Net current assets			931,728		83,512
Total assets less current liabilities			1,035,408		197,477
Creditors: amounts falling due after more than one year	19		(16,933)		(10,446)
Provisions for liabilities					
Deferred tax	21		(21,269)		(21,269)
Net assets			997,206		165,762
Capital and reserves					
Called up share capital	22		2,000		2,000
Capital redemption reserve	23		8,000		8,000
Profit and loss account	23		987,206		155,762
			997,206		165,762

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

Gunpat Patel

Gunpat Patel
Director

Date: 21 December 2023

The notes on pages 14 to 28 form part of these financial statements.

TNV CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	2,000	8,000	289,815	299,815
Comprehensive income for the year				
Profit for the year	-	-	1,115,947	1,115,947
Total comprehensive income for the year	-	-	1,115,947	1,115,947
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,250,000)	(1,250,000)
At 1 April 2022	2,000	8,000	155,762	165,762
Comprehensive income for the year				
Profit for the year	-	-	831,444	831,444
Total comprehensive income for the year	-	-	831,444	831,444
At 31 March 2023	2,000	8,000	987,206	997,206

The notes on pages 14 to 28 form part of these financial statements.

TNV CONSTRUCTION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	831,444	1,115,947
Adjustments for:		
Depreciation of tangible assets	43,148	56,881
Profit on disposal of tangible assets	(15,031)	(3,224)
Government grants	-	(16,819)
Interest paid	5,115	3,203
Interest received	(12,345)	(16,805)
Taxation charge	(62,822)	-
(Increase)/decrease in stocks	(1,299)	10,147
Decrease in debtors	1,072,523	851,468
(Decrease) in creditors	(1,861,785)	(1,126,838)
Corporation tax (paid)/received	(43,883)	-
Net cash generated from operating activities	(44,935)	873,960
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,057)	(60,919)
Sale of tangible fixed assets	17,073	5,241
Government grants received	-	16,819
Interest received	12,345	16,805
HP interest paid	(5,115)	(3,027)
Net cash from investing activities	20,246	(25,081)
Cash flows from financing activities		
Repayment of/new finance leases	(27,054)	(17,757)
Dividends paid	-	(1,250,000)
Interest paid	-	(176)
Net cash used in financing activities	(27,054)	(1,267,933)
Net (decrease) in cash and cash equivalents	(51,743)	(419,054)
Cash and cash equivalents at beginning of year	1,340,144	1,759,198
Cash and cash equivalents at the end of year	1,288,401	1,340,144
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,288,401	1,340,144

The notes on pages 14 to 28 form part of these financial statements.

TNV CONSTRUCTION LIMITED

ANALYSIS OF NET DEBT

FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £	Cash flows £	New finance leases £	At 31 March 2023 £
Cash at bank and in hand	1,340,144	(51,743)	-	1,288,401
Debt due within 1 year	(142,292)	10,403	-	(131,889)
Finance leases	(28,202)	-	(3,794)	(31,996)
	1,169,650	(41,340)	(3,794)	1,124,516

The notes on pages 14 to 28 form part of these financial statements.

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 and 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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Management monitor the Company's working capital requirements and the directors consider it is appropriate to prepare the financial statements on a going concern basis. This assumes that the Company will continue in operational existence for the foreseeable future and for at least 12 months after the signing of the financial statements.

If the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that may arise and reclassify fixed assets as current assets.

2.3 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.4 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:

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion for the contract activity at the Balance Sheet date.

Where the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 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 profit or loss 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. *Accounting policies (continued)*

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.10 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.

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:

Plant and machinery	-	33% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	20% per annum
Computer equipment	-	33% per annum

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 profit or loss.

2. Accounting policies (continued)

2.11 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 profit or loss.

2.12 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.

2.13 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.

2.14 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.

2.15 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.16 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the

2. Accounting policies (continued)

2.16 Financial instruments (continued)

risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.17 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.

3. Judgements in applying accounting policies 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 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.

Judgements

There are considered to be no key judgements 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:

Contracts

Recognition of turnover and profit on contracts requires management judgement 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 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 16 and 18 for the value of the contracts recognised in the financial statements.

4. Turnover

The whole of the turnover is attributable to provision of services.

All turnover arose within the United Kingdom.

5. Other operating income

	2023 £	2022 £
Government grants receivable	-	16,819

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation on fixed assets	43,148	56,881
Exchange differences	16,103	(1,111)
Pension costs	61,945	61,187

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,325	33,400

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	1,104,099	1,268,315
Social security costs	127,071	138,001
Cost of defined contribution scheme	61,945	61,187
	1,293,115	1,467,503

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

	2023 No.	2022 No.
Director	2	2
Cost of sales	22	29
Administrative	10	7
	34	38

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	120,129	117,000
Company contributions to defined contribution pension schemes	2,484	2,484
	122,613	119,484

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

10. Interest receivable

	2023 £	2022 £
Other interest receivable	12,345	16,805

11. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	-	176
Finance leases and hire purchase contracts	5,115	3,027
	5,115	3,203

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(62,822)	196,234
Total current tax	(62,822)	196,234

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	768,622	1,312,181
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	146,038	249,314
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,887	7,357
Capital allowances for year in excess of depreciation	424	4,710
Adjustments to tax charge in respect of prior periods	(204,476)	-
Other timing differences leading to an increase (decrease) in taxation	(2,875)	5,413
Other differences leading to an increase (decrease) in the tax charge	-	(70,560)
Group relief	(5,820)	-
Total tax charge for the year	(62,822)	196,234

12. Taxation (continued)

Factors that may affect future tax charges

The UK main corporation tax rate will be increased to 25% applying to profits over £250,000 (effective from 1 April 2023) following the Chancellor's Budget on 3 March 2021. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

13. Dividends

	2023 £	2022 £
Dividends paid on equity capital	-	1,250,000

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2022	59,000	396,986	17,134	72,189	545,309
Additions	-	30,848	-	4,057	34,905
Disposals	-	(42,697)	-	-	(42,697)
At 31 March 2023	59,000	385,137	17,134	76,246	537,517
Depreciation					
At 1 April 2022	19,470	330,187	16,872	64,815	431,344
Charge for the year on owned assets	13,045	27,268	53	2,782	43,148
Disposals	-	(40,655)	-	-	(40,655)
At 31 March 2023	32,515	316,800	16,925	67,597	433,837
Net book value					
At 31 March 2023	26,485	68,337	209	8,649	103,680
At 31 March 2022	39,530	66,799	262	7,374	113,965

15. Stocks

	2023 £	2022 £
Raw materials and consumables	150,060	148,761

Stock recognised in cost of sales during the year as an expense was £1,300 (2022 - £10,148)

16. Debtors

	2023 £	2022 £
Trade debtors	4,732,900	5,506,831
Amounts owed by group undertakings	750	-
Other debtors	373,454	696,226
Prepayments and accrued income	131,297	107,867
	5,238,401	6,310,924

Trade debtors includes £3,065,431 (2022 - £3,213,560) relating to amounts recoverable on long-term contracts.

17. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	1,288,401	1,340,144

18. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	5,036,275	6,828,187
Corporation tax	143,263	249,968
Other taxation and social security	44,391	141,180
Obligations under finance lease and hire purchase contracts	15,063	17,756
Other creditors	318,407	358,034
Accruals and deferred income	187,735	121,192
	5,745,134	7,716,317

Trade creditors includes £2,145,361 (2022 - £2,933,002) in relation to costs accrued on long-term contracts.

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

19. Creditors: Amounts falling after more than one year

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	16,933	10,446

20. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets that are debt instruments measures at amortised cost	5,222,173	6,203,057
Financial liabilities		
Financial liabilities measured at amortised cost	(5,538,323)	(7,335,616)

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

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

21. Deferred taxation

	2023 £	2022 £
At beginning of year	(21,269)	(21,269)
At end of year	(21,269)	(21,269)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(21,269)	(21,269)

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
2,000 (2022 - 2,000) Ordinary shares of £1.00 each	2,000	2,000

23. Reserves

Capital redemption reserve

Non-distributable reserve arising on the buyback of shares.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

24. 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 into the fund and amounted to £61,945 (2022 - £61,187). Contributions totaling £4,890 (2022 - £4,910) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	48,000	18,239
Later than 1 year and not later than 5 years	96,900	-
	144,900	18,239

26. Transactions with directors

During the year, advances were granted to the directors amounting to £6,121 (2022 - £4,743). Repayments of this advance were made during the period totaling £93,610 (2022 - £118,859), resulting in amounts owed to the directors by the Company of £131,889 (2022 - £162,292). The balance is unsecured, interest free and repayable on demand.

27. Related party transactions

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

Transactions entered into during the year ended 31 March 2023 and balances outstanding as at 31 March 2023, are as follows:

	2023 £	2022 £
Sales	13,778	27,838
Expenses	1,038,962	1,624,372
Amounts receivable	330,698	469,265
Amounts payable	340,910	417,357

Terms and conditions of transactions with related parties

Outstanding balances with entities are unsecured, interest free, and repayable on demand.

Key management personnel compensation

Key management personnel includes those persons having authority and responsibility for planning and controlling the activities of the entity, directly or indirectly, including directors. Total amounts paid to key management personnel during the year was £146,529 (2022 - £146,559).

28. Controlling party

The immediate and ultimate parent undertaking is Kanvel Holdings Ltd, a company incorporated in England and Wales. Kanvel Holdings Ltd is the parent undertaking of the smallest and largest group which prepared consolidated financial statements which includes the results of the company.

Copies of the financial statements of Kanvel Holdings Ltd are available at the following address:

33 South Parade
Mollison Way
Edgware
HA8 5QL.

At the balance sheet date there continues to be no one controlling party.