

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

FOR

LDD CONSTRUCTION LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2022

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	16

LDD CONSTRUCTION LIMITED

COMPANY INFORMATION
for the year ended 30 June 2022

DIRECTORS: Mr M D Seagroatt
Mr K H Yau
Mrs C Seagroatt
Mr D McIver
Mr S J Gravestock

REGISTERED OFFICE: 19-20 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

REGISTERED NUMBER: 06821067 (England and Wales)

AUDITORS: Raffingers LLP, Statutory Auditor
Chartered Certified Accountants
19-20 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

STRATEGIC REPORT
for the year ended 30 June 2022

The directors present their strategic report for the year ended 30 June 2022.

REVIEW OF BUSINESS

The result for the year is shown on page 9. As shown in the profit and loss account, the company's operating profit for the year was £428,151 (2021: £328,430).

The company's balance sheet on page 10 shows net assets of £3,017,227 (2021: £2,670,317) at the end of the year, with a cash position of £867,619 (2021: £725,291). The state of affairs at the balance sheet date is considered to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the company's finance department.

Price risk

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services purchased in the UK. The company has no exposure to equity securities price risk as it holds no listed or other equity investment.

Liquidity risk

The company actively maintains short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed rate. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy if the operations of the company change in size or nature.

EMPLOYEES

Staffing levels are stabilising following the slightly reduced numbers due to Covid-19. The business may look to increase staff levels in line with workload improving as we come out of Covid-19 restrictions.

The policy of the company is to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the business. LDD recognises the importance of ensuring that relevant business information is provided to the employees prior to the employee's commencement date. This is achieved through initial induction (Health Questionnaire, Health & Safety, Anti-Bribery Policy, Skills and Qualifications Assessment) and regular training as required per the Construction Industry Standards.

STRATEGIC REPORT
for the year ended 30 June 2022

KEY PERFORMANCE INDICATORS

The key financial performance indicators for the company are as follows:

	2022	2021	Measure
Gross profit margin	22.7%	18.7%	Gross profit/Turnover
Debtor days	75 days	70 days	Trade debtors/Turnover (excluding group balances)
Creditor days	80 days	70 days	Trade creditors/Cost of sales (excluding group balances)

- Client satisfaction - Has improved over the years especially considering the relationships developed with our existing customers, with a good spread of work between a lot of the major main contractors in the UK.

- Employee Satisfaction - Maintaining of staff has been a key factor in LDD's growth.

- Qualifications and Skills - Regularly kept up to date and in line with the Construction Industry Standards.

- Fixed assets - company's growth has resulted in constant vehicle and plant purchases.

FUTURE CONTRACTS/ORDER BOOK

The company has maintained a good level of activity and currently has a good order book, with secured packages in excess of £10m and tender bids near £15m for potential projects starting in the 4th quarter (April-June 2023).

GENERAL OVERVIEW

The reopening of the UK without any restrictions following the Coronavirus pandemic has seen projects now going ahead which previously had been shelved. However, with the pandemic impact being eased, the war by Russia on Ukraine has caused substantial price increases in oil and other resources with the knock-on effect pushing prices well above what is the norm for products used within the industry. It has also caused acquiring of plant and vehicles to be severely delayed due to manufacturing and delivery complications.

ON BEHALF OF THE BOARD:

Mr M D Seagroatt - Director

13 February 2023

REPORT OF THE DIRECTORS
for the year ended 30 June 2022

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of being one of the leading construction companies in London, providing various services within the industry, specialising in diamond drilling, concrete cutting, passive fire stopping and demolition services.

DIVIDENDS

The total distribution of dividends for the year ended 30 June 2022 amounted to £nil (2021: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2021 to the date of this report.

Mr M D Scagroatt
Mr K H Yau
Mrs C Scagroatt
Mr D McIver
Mr S J Gravestock

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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 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.

REPORT OF THE DIRECTORS
for the year ended 30 June 2022

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr M D Scagroatt - Director

13 February 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDD CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of LDD Construction Limited (the 'company') for the year ended 30 June 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 30 June 2022 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDD CONSTRUCTION LIMITED

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDD CONSTRUCTION LIMITED

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 a Report of the Auditors 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where necessary.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected transactions;
- agreed income to underlying contracts;
- tested the appropriateness of journal entries;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing legal expenses for any potential issues.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDD CONSTRUCTION LIMITED

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Thuraiatnam Sudarshan FCCA (Senior Statutory Auditor)
for and on behalf of Raffingers LLP, Statutory Auditor
Chartered Certified Accountants
19-20 Bourne Court
Southend Road
Woodford Green
Essex
IG8 8HD

13 February 2023

INCOME STATEMENT
for the year ended 30 June 2022

	Notes	2022 £	2021 £
TURNOVER		24,056,399	24,961,860
Cost of sales		<u>(18,584,306)</u>	<u>(20,293,673)</u>
GROSS PROFIT		5,472,093	4,668,187
Administrative expenses		<u>(5,043,942)</u>	<u>(4,521,411)</u>
		428,151	146,776
Other operating income		<u>-</u>	<u>181,654</u>
OPERATING PROFIT	4	428,151	328,430
Interest receivable and similar income		<u>439</u>	<u>-</u>
		428,590	328,430
Interest payable and similar expenses	5	<u>(58,605)</u>	<u>(49,020)</u>
PROFIT BEFORE TAXATION		369,985	279,410
Tax on profit	6	<u>(23,075)</u>	<u>(28,719)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>346,910</u>	<u>250,691</u>

The notes form part of these financial statements

LDD CONSTRUCTION LIMITED (REGISTERED NUMBER: 06821067)

BALANCE SHEET
30 June 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	8		658,820		811,501
CURRENT ASSETS					
Debtors	9	8,588,152		8,070,406	
Cash at bank		<u>867,619</u>		<u>725,291</u>	
		9,455,771		8,795,697	
CREDITORS					
Amounts falling due within one year	10	<u>5,787,607</u>		<u>5,145,387</u>	
NET CURRENT ASSETS			<u>3,668,164</u>		<u>3,650,310</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,326,984		4,461,811
CREDITORS					
Amounts falling due after more than one year	11		(1,300,653)		(1,785,244)
PROVISIONS FOR LIABILITIES	15		<u>(9,104)</u>		<u>(6,250)</u>
NET ASSETS			<u>3,017,227</u>		<u>2,670,317</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000		1,000
Retained earnings	17		<u>3,016,227</u>		<u>2,669,317</u>
SHAREHOLDERS' FUNDS			<u>3,017,227</u>		<u>2,670,317</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 February 2023 and were signed on its behalf by:

Mr M D Seagroatt - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2020	1,000	2,418,626	2,419,626
Changes in equity			
Total comprehensive income	-	250,691	250,691
Balance at 30 June 2021	<u>1,000</u>	<u>2,669,317</u>	<u>2,670,317</u>
Changes in equity			
Total comprehensive income	-	346,910	346,910
Balance at 30 June 2022	<u>1,000</u>	<u>3,016,227</u>	<u>3,017,227</u>

The notes form part of these financial statements

CASH FLOW STATEMENT
for the year ended 30 June 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	919,572	(306,476)
Interest paid		(58,605)	(49,020)
Tax paid		(68,863)	(409,799)
Net cash from operating activities		<u>792,104</u>	<u>(765,295)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(164,988)	(229,546)
Sale of tangible fixed assets		53,455	25,500
Interest received		439	-
Net cash from investing activities		<u>(111,094)</u>	<u>(204,046)</u>
Cash flows from financing activities			
New loans in year		262,500	-
Loan repayments in year		(451,041)	(66,667)
Capital repayments in year		(160,596)	(47,570)
Amount introduced by directors		-	190,000
Amount withdrawn by directors		(91,715)	-
Amounts owed to group undertakings		(97,830)	(352,015)
Government grants		-	181,653
Net cash from financing activities		<u>(538,682)</u>	<u>(94,599)</u>
Increase/(decrease) in cash and cash equivalents		<u>142,328</u>	<u>(1,063,940)</u>
Cash and cash equivalents at beginning of year	2	725,291	1,789,231
Cash and cash equivalents at end of year	2	<u>867,619</u>	<u>725,291</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 June 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£	£
Profit before taxation	369,985	279,410
Depreciation charges	433,880	647,160
Profit on disposal of fixed assets	(45,905)	(25,500)
Government grants	-	(181,654)
Finance costs	58,605	49,020
Finance income	(439)	-
	<u>816,126</u>	<u>768,436</u>
Increase in trade and other debtors	(484,916)	(1,433,387)
Increase in trade and other creditors	<u>588,362</u>	<u>358,475</u>
Cash generated from operations	<u><u>919,572</u></u>	<u><u>(306,476)</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2022

	30.6.22	1.7.21
	£	£
Cash and cash equivalents	<u>867,619</u>	<u>725,291</u>

Year ended 30 June 2021

	30.6.21	1.7.20
	£	£
Cash and cash equivalents	<u>725,291</u>	<u>1,789,231</u>

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 June 2022

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.21 £	Cash flow £	Other non-cash changes £	At 30.6.22 £
Net cash				
Cash at bank	<u>725,291</u>	<u>142,328</u>		<u>867,619</u>
	<u>725,291</u>	<u>142,328</u>		<u>867,619</u>
Debt				
Finance leases	(410,212)	160,596	-	(373,377)
Debts falling due within 1 year	(400,000)	(130,197)	-	(530,197)
Debts falling due after 1 year	<u>(1,533,333)</u>	<u>318,737</u>	-	<u>(1,214,596)</u>
	<u>(2,343,545)</u>	<u>349,136</u>	-	<u>(2,118,170)</u>
Total	<u>(1,618,254)</u>	<u>491,464</u>	-	<u>(1,250,551)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2022

1. **STATUTORY INFORMATION**

LDD Construction Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, as described in the Directors' Report. This assumes that sufficient funds will be available for the company to continue in operational existence for the foreseeable future.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these judgements and estimates have been made include:

- assessing the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge, and
- the provision required for any bad or doubtful debts.

Turnover

Turnover is recognised when the services are performed. Turnover is reduced for estimated customer retentions, refunds and other similar allowances.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 25% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

2. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

3. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	6,826,938	7,427,007
Social security costs	56,680	44,025
Other pension costs	186,973	175,626
	<u>7,070,591</u>	<u>7,646,658</u>

The average number of employees during the year was as follows:

	2022	2021
Administrations and management staff	49	48
Operatives staff	89	100
	<u>138</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

3. EMPLOYEES AND DIRECTORS - continued

	2022	2021
	£	£
Directors' remuneration	437,292	349,866
Directors' pension contributions to money purchase schemes	<u>38,972</u>	<u>38,630</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	110,776	91,667
Pension contributions to money purchase schemes	<u>1,321</u>	<u>1,315</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	205,406	266,990
Depreciation - assets on hire purchase contracts	228,474	380,170
Profit on disposal of fixed assets	(45,905)	(25,500)
Auditors' remuneration	<u>57,486</u>	<u>42,145</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	<u>58,605</u>	<u>49,020</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	20,221	68,565
Deferred tax:		
Origination and reversal of timing differences	<u>2,854</u>	<u>(39,846)</u>
Tax on profit	<u>23,075</u>	<u>28,719</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>369,985</u>	<u>279,410</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	70,297	53,088
Effects of:		
Expenses not deductible for tax purposes	40,084	27,086
Capital allowances in excess of depreciation	(548)	-
Depreciation in excess of capital allowances	-	43,667
Adjustments to tax charge in respect of previous periods	(80,890)	(50,431)
Adjustment for deferred tax	2,854	(39,846)
(Profit)/Loss on disposal of assets	(8,722)	(4,845)
Total tax charge	<u>23,075</u>	<u>28,719</u>

7. CORONAVIRUS JOB RETENTION SCHEME

During the previous year, the company received £138,686 under the Coronavirus Job Retention Scheme.

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 July 2021	165,129	2,511,076	68,795
Additions	-	137,997	-
Disposals	-	(9,000)	-
At 30 June 2022	<u>165,129</u>	<u>2,640,073</u>	<u>68,795</u>
DEPRECIATION			
At 1 July 2021	137,103	2,200,845	54,589
Charge for year	25,129	160,097	11,825
Eliminated on disposal	-	(2,063)	-
At 30 June 2022	<u>162,232</u>	<u>2,358,879</u>	<u>66,414</u>
NET BOOK VALUE			
At 30 June 2022	<u>2,897</u>	<u>281,194</u>	<u>2,381</u>
At 30 June 2021	<u>28,026</u>	<u>310,231</u>	<u>14,206</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

8. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 July 2021	1,573,892	43,019	4,361,911
Additions	138,922	11,830	288,749
Disposals	(178,135)	-	(187,135)
At 30 June 2022	<u>1,534,679</u>	<u>54,849</u>	<u>4,463,525</u>
DEPRECIATION			
At 1 July 2021	1,129,069	28,804	3,550,410
Charge for year	227,388	9,441	433,880
Eliminated on disposal	(177,522)	-	(179,585)
At 30 June 2022	<u>1,178,935</u>	<u>38,245</u>	<u>3,804,705</u>
NET BOOK VALUE			
At 30 June 2022	<u>355,744</u>	<u>16,604</u>	<u>658,820</u>
At 30 June 2021	<u>444,823</u>	<u>14,215</u>	<u>811,501</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 July 2021	1,111,115	1,361,194	2,472,309
Additions	41,694	138,922	180,616
Disposals	-	(161,917)	(161,917)
Transfer to ownership	(1,056,115)	(1,200,608)	(2,256,723)
At 30 June 2022	<u>96,694</u>	<u>137,591</u>	<u>234,285</u>
DEPRECIATION			
At 1 July 2021	1,007,471	948,763	1,956,234
Charge for year	44,235	184,239	228,474
Eliminated on disposal	-	(161,917)	(161,917)
Transfer to ownership	(1,034,243)	(958,573)	(1,992,816)
At 30 June 2022	<u>17,463</u>	<u>12,512</u>	<u>29,975</u>
NET BOOK VALUE			
At 30 June 2022	<u>79,231</u>	<u>125,079</u>	<u>204,310</u>
At 30 June 2021	<u>103,644</u>	<u>412,431</u>	<u>516,075</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	4,933,047	4,807,224
Amounts owed by group undertakings	2,844,325	2,811,495
Other debtors	155,795	158,836
VAT	338,128	-
Prepayments	316,857	292,851
	<u>8,588,152</u>	<u>8,070,406</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Bank loans and overdrafts (see note 12)	530,197	400,000
Hire purchase contracts (see note 13)	287,320	158,301
Trade creditors	4,069,701	3,869,937
Amounts owed to group undertakings	-	65,000
Tax	19,329	67,972
Social security and other taxes	5,785	-
VAT	-	80,484
Other creditors	717,371	277,693
Directors' loan accounts	98,285	190,000
Accrued expenses	59,619	36,000
	<u>5,787,607</u>	<u>5,145,387</u>

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022	2021
	£	£
Bank loans (see note 12)	1,214,596	1,533,333
Hire purchase contracts (see note 13)	86,057	251,911
	<u>1,300,653</u>	<u>1,785,244</u>

12. **LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>530,197</u>	<u>400,000</u>
Amounts falling due between one and two years:		
Bank loans	<u>481,263</u>	<u>400,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

12. **LOANS - continued**

	2022	2021
	£	£
Amounts falling due between two and five years:		
Bank loans	<u>733,333</u>	<u>1,133,333</u>

13. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Gross obligations repayable:		
Within one year	298,186	167,618
Between one and five years	<u>88,315</u>	<u>256,293</u>
	<u>386,501</u>	<u>423,911</u>
Finance charges repayable:		
Within one year	10,866	9,317
Between one and five years	<u>2,258</u>	<u>4,382</u>
	<u>13,124</u>	<u>13,699</u>
Net obligations repayable:		
Within one year	287,320	158,301
Between one and five years	<u>86,057</u>	<u>251,911</u>
	<u>373,377</u>	<u>410,212</u>
	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	80,300	227,500
Between one and five years	<u>-</u>	<u>80,300</u>
	<u>80,300</u>	<u>307,800</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

14. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	1,744,793	1,933,333
Hire purchase contracts	<u>373,377</u>	<u>410,212</u>
	<u><u>2,118,170</u></u>	<u><u>2,343,545</u></u>

The loan is secured as detailed in the security schedule below:

Security Type	Status	Granted By	Security Address/Description
1. Debenture	Held	LDD Construction Limited	
2. Guarantee for £850,000 Supported by	Held	Blakron Limited	
(i) Freehold 1st Legal Charge	Held	Blakon Limited	7 Eastbury Road, London Industrial Park, Beckton, London and its associated assets
(ii) Debenture	Held	Blakron Limited	

Also, under the Coronavirus Business Interruption Loan Scheme, the Secretary of State has agreed to provide the bank with a **partial guarantee**. The bank's ability to provide the customer with the loan is dependent upon the the bank receiving the partial guarantee. The partial guarantee is given to the bank and not to the customer and the customer remains liable for all sums payable under this agreement in the event of a default.

15. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	<u>9,104</u>	<u>6,250</u>
		Deferred tax
		£
Balance at 1 July 2021		6,250
Deferred tax movement		<u>2,854</u>
Balance at 30 June 2022		<u><u>9,104</u></u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

17. **RESERVES**

	Retained earnings £
At 1 July 2021	2,669,317
Profit for the year	<u>346,910</u>
At 30 June 2022	<u>3,016,227</u>

18. **PENSION COMMITMENTS**

The company operates a fully insured defined contribution pension scheme for certain members of staff and the pension charge represents the amounts paid by the company to the fund during the year. Payments during the year amounted to £186,973 (2021: £175,626). These contributions are invested separately from the company's assets.

19. **ULTIMATE PARENT COMPANY**

The ultimate parent company is London Diamond Drilling Holdings Limited, a company registered in the United Kingdom.

20. **CONTINGENT LIABILITIES**

There were no contingent liabilities at either the beginning or end of the financial year.

21. **CAPITAL COMMITMENTS**

As at 30 June 2022 the company had no capital commitments which had been contracted for but not provided in the financial statements.

22. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the current and previous year, the company was controlled by Mr M D Seagroatt, by virtue of his ownership in the issued capital of London Diamond Drilling Holdings Limited, the parent company.

At the balance sheet date, the company owed £271,083 (2021: £65,000) to Drilltec Ltd, a company related by virtue of common directors.

At the balance sheet date, the company was owed £77,594 by LDD Projects LLP (2021: £77,594), a Limited Liability Partnership in which the designated members are Mr M D Seagroatt and his wife.

At the balance sheet date, the company owed the directors £98,285 (2021: £190,000).

Total compensation of key management personnel in the year amounted to £528,652 (2021: £430,988).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2022

23. AUDITOR LIABILITY LIMITATION AGREEMENT

The company has entered into a liability limitation agreement with Raffingers LLP, the statutory auditor, in respect of the statutory audit for the period ended 30 June 2022. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the members on 13 January 2022.

24. HOLIDAY ACCRUALS

The company made a provision for holiday pay of £18,000 (2021: £18,000) which comprises holiday earned but not taken prior to the year end.

25. GENERAL INFORMATION

LDD Construction Ltd is a private company limited by shares and incorporated in England. Its registered office is 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD.

The financial statements are presented in sterling, which is the functional currency of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.